



Dave Yost • Auditor of State



CITY OF LANCASTER  
FAIRFIELD COUNTY

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CITY OF LANCASTER  
FAIRFIELD COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title		Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u></b>				
Home Investment Partnerships Program (HOME)	2013	N/A	14.239	\$ 1,847
Community Development Block Grants (CDBG) Entitlement Grants Program	2013	N/A	14.218	378,043
<b>Total U.S. Department of Housing and Urban Development</b>				<b>379,890</b>
<b><u>U.S. DEPARTMENT OF JUSTICE:</u></b>				
<b><i>Passed Through Ohio Office of Criminal Justice:</i></b>				
Violence Against Women Formula Grants Program	2012	WF VA5 8422	16.588	57,874
ARRA - Edward Byrne Memorial Justice Assistance Program / Grants to States and Territories	2009	RA-LSS-2462	16.803	7,224
Edward Byrne Memorial Justice Assistance Grant Program	2012	JG-D01-6589	16.738	69,242
2010 Cops Hiring Program	2010	UMWX-0240	16.710	139,509
<b>Total Passes Through Ohio Office of Criminal Justice</b>				<b>273,849</b>
<b><i>Directly funded from the US Department of Justice</i></b>				
Bulletproof Vest Partnership Program	2013	N/A	16.607	2,223
<b>Total U.S. Department of Justice</b>				<b>276,072</b>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<b><i>Passed Through Ohio Department of Transportation</i></b>				
Highway Planning and Construction Grant	2013	PID 89148	20.205	16,668
	2013	PID 89457	20.205	164,275
	2013	PID 88333	20.205	79,915
	2013	PID 90885	20.205	39,053
	2013	PID 92066	20.205	23,446
				<b>323,358</b>
Formula Grants for Other than Urbanized Areas	2013	OH-18-X030	20.509	738,537
Federal Transit Capital Improvement Grants	2013	SUA-0023072-121	20.500	90,631
<b>Total U.S. Department of Transportation</b>				<b>1,152,526</b>
<b><u>FEDERAL ENVIRONMENTAL PROTECTION AGENCY</u></b>				
ARRA-Brownfields Assessment and Cleanup Cooperative Agreements	2013	N/A	66.818	45,186
<b><u>U.S. Department of Homeland Security</u></b>				
Disaster grants- Public assistance (Presidentially Declared Disasters)	2013	N/A	97.036	103,802
<b>Total Federal Awards Expenditures</b>				<b>\$ 1,957,476</b>

The accompanying notes are an integral part of this schedule.

**CITY OF LANCASTER  
FAIRFIELD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the City of Lancaster, Fairfield County, Ohio,(the City's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The City passes certain federal awards received from U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE C - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has a revolving loan fund (RLF) program to lend money to eligible persons to rehabilitate home. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2013 is as follows:

Beginning loans receivable balance as of January 1, 2013	\$ 1,092,357
Loans made	\$ 73,275
Loan principal repaid	\$ (47,262)
Ending loans receivable balance as of December 31, 2013	\$ 1,118,371
Cash balance on hand in the revolving loan fund as of December 31, 2013	\$ 19,613
Administrative costs expended during 2013	\$ -

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE E – REISSUANCE OF 2013 FEDERAL SCHEDULE**

On August 21, 2014, our office released the audit report dated June 25, 2014 for the City of Lancaster, for the year ending December 31, 2013. Subsequent to issuing that report, we became aware that the Schedule of Federal Awards Expenditures was materially misstated. The accompanying revised Schedule of Federal Award Expenditures (schedule) replace the report and schedule for the City's fiscal year ended December 31, 2013, previously issued with our report dated on June 25, 2014. The schedule was revised to include \$9,501 of expenditures for Formula Grants for Other than Urbanized Areas (CFDA #20.509), which were previously omitted, and to remove \$2,349,350 of Highway Planning & Construction Grant (CFDA #20.205) expenditures which were erroneously included in the schedule. These modifications to the schedule resulted in Formula Grants for Other than Urbanized Areas (CFDA #20.509) to be designated as a major federal program.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Lancaster  
Fairfield County  
104 East Main Street  
Lancaster, Ohio 43130

To the members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lancaster, Fairfield County, Ohio, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2014. Our report refers to other auditors who audited the financial statements of the Lancaster Port Authority, reported within the City's business type activities, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2013-002 to be a significant deficiency.

**Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

**Entity's Response to Findings**

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

**Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 25, 2014





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City of Lancaster  
Fairfield County  
104 East Main Street  
Lancaster, Ohio 43130

To the members of City Council:

### ***Report on Compliance for Each Major Federal Program***

We have audited the City of Lancaster's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Lancaster's major federal programs for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

### ***Management's Responsibility***

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Lancaster, Fairfield County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2013.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying schedule of findings as item 2013-003. This finding did not require us to modify our compliance opinion on each major federal program.

The City's response to our noncompliance finding is described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

***Report on Internal Control Over Compliance***

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Federal Awards Expenditures Required by OMB Circular A-133***

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Lancaster, Fairfield County, Ohio (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 25, 2014. We conducted our audit to opine on the City's' basic financial statements.

We have not performed any procedures to the audited financial statements subsequent to June 25, 2014. The accompanying schedule of federal awards expenditures presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

On August 21, 2014, our office released the audit report dated June 25, 2014 for the City of Lancaster, for the year ending December 31, 2013. Subsequent to issuing that report, we became aware that the Schedule of Federal Awards Expenditures was materially misstated. This report and the accompanying revised Schedule of Federal Award Expenditures (schedule) replace the report and schedule for the City's fiscal year ended December 31, 2013, previously issued with our report dated on June 25, 2014. The schedule was revised to include \$9,501 of expenditures for Formula Grants for Other than Urbanized Areas (CFDA #20.509), which were previously omitted, and to remove \$2,349,350 of Highway Planning & Construction Grant (CFDA #20.205) expenditures which were erroneously included in the schedule. These modifications to the schedule resulted in Formula Grants for Other than Urbanized Areas (CFDA #20.509) to be designated as a major federal program. Subsequent to issuing our June 25, 2014 report, we determined this matter should have been included in Finding Number 2013-003, referenced above in the Other Matters paragraph.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 25, 2014 and May 5, 2015.

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CITY OF LANCASTER  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No.
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes.
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes.
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No.
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No.
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes.
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 20.205, Highway Planning & Construction  CFDA # 20.509 Formula Grants for Other than Urbanized Areas
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No.

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2013-001

**Finding for Recovery- Repaid under Audit**

**NONCOMPLIANCE**

The City has an agreement with the Lancaster Port Authority for the purchase of natural gas dated April 1, 2008. An amendment to this agreement was approved on July 1, 2010 where the City's contract purchase price was negotiated to set the contract price at index price minus a discount rate of \$0.3700 per MMBtu. In 2013, the discount rate was reduced to \$0.3600 per

CITY OF LANCASTER  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013  
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)**

**Finding Number 2013-001 (Continued)**

**Finding for Recovery- Repaid under Audit (Continued)**

**NONCOMPLIANCE (Continued)**

MMBtu without having a second amendment to the contract approved. This resulted in the Lancaster Municipal Gas department expending an additional \$21,909 in expenditures for the purchase of natural gas above what was allowable under their purchase contract.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is issued against Mike Pettit in the amount of \$21,909 and in favor of the City's Lancaster Municipal Gas Fund in the amount of \$21,909. The finding was re-paid in full on June 11, 2014 to the Lancaster Municipal Gas Fund during the audit.

Invoices submitted to the City's Auditor's office for payment do not include a breakdown of the index minus the discount rate. In order to help ensure the proper amounts are paid, documentation of breakdown amounts should be included on the invoice so that comparisons can be completed between amounts billed to the City and approved contract amounts.

**Official's Response:** The Finding concerns a complicated \$350 million prepay gas deal in which the City received a discount rate per unit of gas purchased in the amount of \$0.37, and it obligated the payment of administrative costs to Wells Fargo Bank. Mike Pettit, Lancaster Gas Superintendent and Executive Director of the Port Authority, acted upon the advice and counsel of Angela Weidell-LaBathe, Vice President of Wells Fargo Bank and trustee for the Lancaster Port Authority Gas Supply Variable Rate Revenue Bonds (Series 2008), and agreed to a reduction in the discount rate of \$0.01 in order to replenish the escrow account covering annual fees for the Moody's Evaluation Fee & Trustees Fees. This resulted in payment of \$21,909 to Wells Fargo without prior legislation. This amount was reimbursed to Lancaster Municipal Gas prior to the completion of the audit. We do not take exception to the Finding, but we are adamant that the action taken by Mr. Pettit was in good faith at the instruction of the trustee. We do take exception to the use of the term "illegally," as we believe that unjustly attaches the implication of malice or fraud to an activity that was, at its core, a procedural oversight.

**AOS Conclusion:** The Auditor of State concluded that the public office did not possess the legal authority for the expenditure in question since no amendment to the contract was approved.

**Finding Number 2013-002**

**Financial Statement Reporting**

**SIGNIFICANT DEFICIENCY**

Sound financial reporting is the responsibility of the City Auditor and the members of City Council and is essential to help ensure information provided to the readers of the financial statements is complete and accurate.

The following adjustments were posted to the audited financial statements, and where applicable, to the accounting records for the year ended December 31, 2013:

CITY OF LANCASTER  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013  
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS continued

Finding Number 2013-002 (Continued)

Financial Statement Reporting (Continued)

SIGNIFICANT DEFICIENCY (Continued)

- To increase accounts payable in the Municipal Gas fund by \$464,118 for projected accounts payable variances.
- To reclassify \$428,098 of restricted cash within the Water Pollution fund as non-restricted cash

The following variances were identified during the audit but were not adjusted on the financial statements:

- To increase accounts payable in the following funds for projected accounts payable variances: General fund \$68,496; Water fund \$26,257; Water Pollution fund \$42,444; Sanitation fund \$25,057 and Storm Water fund by \$57,276.
- To reclassify \$378,156 unrestricted monies on the statement of net assets to show amounts restricted for public health.

Although the City has implemented various controls over financial reporting, the need to propose audit adjustments suggest controls may not be effective or operating as management intended.

We recommend the City Auditor and members of City Council review the financial statements as prepared in accordance with Generally Accepted Accounting Principles to help ensure controls function as intended allowing any misstatements to be detected and corrected in future reports.

**Official's Response:** The Significant Deficiency Finding 2013-002 was a GAAP reporting conversion error only and had no impact on the actual cash payments.

CITY OF LANCASTER  
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013  
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

<b>Finding Number</b>	2013-003
<b>CFDA Title and Number</b>	#20.205 Highway Planning & Construction #20.509 Formula Grants for Other than Urbanized Areas
<b>Federal Award Number / Year</b>	2013
<b>Federal Agency</b>	U.S. Department of Transportation
<b>Pass-Through Agency</b>	Ohio Department of Transportation

**Federal Schedule Adjustments-**

**NONCOMPLIANCE**

**OMB Circular A-133 Subpart C, Section .310(B)(1)-(3)** requires the auditee to prepare a schedule of expenditures of Federal awards (the schedule) for the period covered by the auditee's financial statements. At a minimum, the schedule shall provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

During the 2014 audit, inaccuracies were identified in the City's 2013 federal schedule. Adjustments were made to the schedule prepared by the City in the Highway Planning & Construction Grant major federal program to decrease federal expenditures by \$2,349,350 and to increase expenditures for Formula Grants for Other than Urbanized Areas by \$9,501. The City's 2013 federal schedule has been adjusted and reissued to accurately reflect federal awards expenditures and both programs have been tested for compliance.

We recommend the City implement procedures to help ensure the Schedule of Federal Awards Expenditures is complete and accurate.

**Official's Response:**

The City reported the Highway Planning & Construction and the Formula Grants for Other than Urbanized Areas Federal monies that were paid out by ODOT in 2013 and were on the City's 2013 Federal Schedule because these were Federal monies spent on City infrastructure. ODOT would not give the City or State Auditors direction as to who was supposed to report these Federal dollars spent, City of Lancaster or ODOT. Due to ODOT's lack of direction, the City reported the money on its Federal Schedule. The City's 2013 Federal Schedule was sent to ODOT for review by the State Audit Staff to make sure that the City reported all Federal money appropriately. ODOT signed off on the City's 2013 Federal Schedule as accurate. The City and the State Audit Staff was informed by ODOT in April of 2015 that these Federal monies were reported on ODOT's Federal Schedule and should not have been reported on the City's Federal Schedule. I believe that the City should not receive a Noncompliance Finding for over reporting Federal monies because ODOT's failure to communicate who was supposed to report these monies. The City of Lancaster is diligent in tracking all Federal monies that are paid on behalf of the City by outside State Agencies.



**CITY OF LANCASTER  
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2013  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (continued)**

We can only report correctly when the State Agency that is paying out the Federal monies gives us the tools to do so. I believe that ODOT needs to be held accountable for their failure to disburse crucial information to Government Entities so these Federal monies can be reported appropriately.

Corrective action plan – The City will plan to contact ODOT staff on each project to determine the proper reporting requirements to help ensure accurate reporting on the City’s federal schedule.

**Auditor of State’s Conclusion:**

The Auditor of State’s office did not request direction from the Ohio Department of Transportation (ODOT) during the 2013 audit to determine who was to report the program. In addition, we did not receive notification from the ODOT to indicate the City’s 2013 Schedule of Federal Awards Expenditure was inaccurate.

CITY OF LANCASTER  
FAIRFIELD COUNTY

CORRECTIVE ACTION PLAN  
*OMB CIRCULAR A -133 § .315 (c)*  
DECEMBER 31, 2013

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2013-003	Refer to Official's Response	12/31/2015	Patricia Nettles, City Auditor

# CITY OF LANCASTER, OHIO

*Fairfield County, Ohio*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2013



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2013

*Prepared by the City Auditor's Office*

Patricia Nettles  
City Auditor



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FAIRFIELD COUNTY, OHIO

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**CITY OF LANCASTER, OHIO**

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## *INTRODUCTORY SECTION*

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# CITY OF LANCASTER, OHIO

OFFICE OF THE AUDITOR  
104 E. Main St. Room 107  
Lancaster, Ohio 43130  
(740) 687-6611

Patricia Nettles, Auditor

June 25, 2014

To the Citizens and  
Elected Officials of  
Lancaster, Ohio:

I am pleased to present to you the Comprehensive Annual Financial Report (CAFR), of the City of Lancaster, Ohio, for the year ended December 31, 2013.

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Lancaster to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. I believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Lancaster's MD&A can be found immediately following the Independent Auditor's Report.

## **The Reporting Entity**

The City of Lancaster is a statutory city operating under the provisions of the Ohio Revised Code which provides for an elected Mayor, Auditor, Treasurer, Law Director, President of Council, Council (six elected from wards and three at-large members), two Judges of the Municipal Court and a Municipal Court Clerk.

Lancaster is a full-service City, and in order to provide necessary services to its citizens, the City of Lancaster is divided into departments. Services provided include full time police and fire protection, health services and clinic, park and recreational activities, city owned gas company, solid waste disposal, sewage collections and treatment, water treatment and distribution, street maintenance and repair and traffic control. These activities are provided by the City Council through the budgetary process and other elected officials through administrative and managerial policies and procedures and by the statutes of the State of Ohio.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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The City's reporting entity includes the financial activities of the Lancaster Port Authority, a blended component unit.

The City participates in the following Jointly Governed Organizations: Fairfield Metropolitan Housing Authority, Lancaster-Fairfield Community Action Agency, Fairfield Regional Planning Commission, Fairfield County Family, Adult and Children First, Fairfield County Multi-System Youth Committee, Community Corrections Board, and Fairfield-Hocking Major Crimes Investigation Unit.

The Lancaster City School District, under the Board of Education, and the Fairfield Medical Center are separate and independent entities and as such, are not included in this report.

A complete discussion of the City's reporting entity is provided in Note 1 of the Notes to the Basic Financial Statements.

**City Overview**

The City of Lancaster is the county seat of Fairfield County and is located in central Ohio approximately thirty miles southeast of Columbus.

History abounds in Lancaster and the surrounding area. Colonel Ebenezer Zane, a famous trailblazing pioneer and soldier, is generally considered the founding father of Lancaster. In 1796, Zane petitioned Congress to grant him a contract to open a road through Ohio, a distance of two hundred sixty-six (266) miles, which stretched from Wheeling, West Virginia, to Limestone, Kentucky, (1797 "ZANES TRACE" opened). In payment for Zane's work, he received three square mile tracts of land where Lancaster now stands. He sold some of his real estate and the town began to take root and was named New Lancaster. His two sons, Noah and John, laid out the original town from Pearl Street on the east to Front Street (now Memorial Drive) on the west and included Chestnut, Main, Wheeling and Mulberry Streets running east and west between Pearl and Front Streets. The town was named New Lancaster at the request of the early German settlers from Lancaster, Pennsylvania, but was shortened to Lancaster in 1805.

**Items of Local Interest**

The City of Lancaster is known for its excellent park system, including Rising Park and Mount Pleasant. General William T. Sherman was born in Lancaster, and his home on downtown Main Street is maintained by the State of Ohio as a Civil War Museum. Other important men who have called Lancaster home are U.S. Senator Thomas Ewing and three Governors of Ohio, William Medill, John Brough and John Brown.

**Culture and Education**

Lancaster is home to the annual Lancaster Festival, the Zane Square Festival and the Fairfield Heritage annual tour of beautiful and historic buildings and homes. The Lancaster Public Library is second-to-none and offers full library services. In addition to the excellent public school system, grades K-12, operated by the Lancaster Board of Education, Ohio University maintains a branch college in the City and offers a variety of Associate, Bachelor and Masters Degree opportunities as well as continuing education programs. The Fairfield County Fair is held in Lancaster every year in the month of October and is the last county fair each year in the State of Ohio.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**ECONOMIC CONDITION AND OUTLOOK**

2013 was a year of major announcements as the investment in the City continues to build upon other recent successes. Lancaster City Schools is building five new elementary buildings at a cost of over \$80,000,000. The buildings will include today's technologies to better educate students and prepare them for a world of fast paced change. The Fairfield Medical Center began construction of a \$35,000,000 Surgical Wing and Bed expansion. The hospital will complete renovations of existing rooms as well and all rooms will be individual rooms upon completion. Medical technology is one of the fastest technologies to change and FMC is the leader in Southeastern Ohio to continually adapt to those changes. The Veterans Administration relocated to a larger, more centralized facility and one that was updated by approximately \$500,000 in improvements. The City of Lancaster will invest approximately \$7,000,000 in renovations in an existing building in Downtown Lancaster to house Municipal Courts operations. The facility is much needed as current operations are spread around multiple areas in Lancaster City Hall making security a real concern.

The City also is investing in roadway improvements. Lancaster residents passed a ten-year levy that is solely used for street improvement. A recently completed bikeway that traverses the City also enhances transportation and good health for our residents.

Industrially, the infrastructure the City has built has begun to produce new manufacturing. Phoenix Electrotek, Precision CNC, and Cyclone Power all located in Lancaster in 2013. Other expansions that happened in 2013 are Retrieval Technologies and, SRI Ohio.

Retail expansion continues its fast pace. A number of new restaurants, Big Sandy Furniture and Appliances, and ALDI Foods are under construction for 2014 openings.

Lancaster's history of being a manufacturing town is expected to be even more successful as manufacturers are reinvesting in America and bringing production to our heartland. Our marketing efforts with the Fairfield 33 Development Alliance and partners Columbus 2020 are reaching a broad market globally with good leads and site visits from China to Germany and Virginia to California.

**Long-term Financial Planning:**

The City of Lancaster citizens passed a ten-year 3 mill property tax levy to support the City's ten-year street improvement plan. The ten-year street improvement and ten year STP (Surface Transportation Program) project plans will work together to help the City maintain the street and bridge repairs or replacements that are on the ten-year street improvement plan by trying to utilize the STP funds to help pay for the projects.

The City of Lancaster purchased the Columbian building to renovate for the future site of the Fairfield County Municipal Court. The City will be financing a thirty-year General Obligation Bond to renovate the Columbian building which will be paid from the Courts Special Projects Fund.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**MAJOR INIATIVES**

Lancaster is one of five “Large Cities” outside of the designated Metropolitan Planning Organizations areas that the Ohio Department of Transportation provides an annual apportionment of federal surface transportation program funds (STP). The use of those funds is limited to Federal-Aid Off-System streets, but those eligible streets are the City’s major streets. The funding provides 80 percent of the project costs with the City being responsible for the local 20 percent match. The City has programmed the use of federal surface transportation program (STP) funds for several street rehabilitation projects.

The Pierce Avenue/Fair Avenue Intersection Improvements (FAI-CR54-4.00, PID 92066) will use STP funds to upgrade this major intersection. The project will upgrade the traffic signal equipment and bring the equipment and curb ramps into conformity with current American with Disabilities (ADA) standards. The pavement in the intersection will be resurfaced and curb replacement will also be constructed. Design work began at the end of 2012, with Stage 2 plans having been reviewed; it is in the environmental review stage at year’s end.

Another much needed project to use STP funds is the West Fair Avenue/Collins Road Improvements (FAI-CR54/CR68-VAR, PID 94748). This is a “mill and fill” resurfacing project of Collins Road from Fair Avenue north to the railroad and of West Fair Avenue from the railroad to Memorial Drive. The project will include other ancillary work such as pavement repairs, guardrail replacement, traffic sign replacement and curb ramps. Stage 2 project plans were complete at year’s end, with a late summer 2014 bid anticipated. The Department of Engineering completed applications to obtain a State Capital Improvement Program loan to cover the local match amount.

The Ohio Department of Transportation (ODOT) designed and let a major contract for the “mill and fill” resurfacing for all of US 22 and SR 158 in the City, and also for SR 37 West and SR 188 East in the City. Other ancillary work is also part of this project. ODOT is performing the project under its Urban Paving Program (UPP) where it pays for 80 percent of the eligible project costs. The City is using its STP funds to cover its local 20 percent match to UPP funds, and is also using STP funds to cover 80 percent of the non-UPP eligible costs. ODOT bid the project in June 2013 and work began late summer of 2013 with work to be completed in July 2014. The low bid on the project was \$7.59M.

The Departments of Engineering and Transportation prepared a 10-year plan of street improvements to its Federal-Aid streets utilizing those STP funds. The plan was submitted to the Ohio Department of Transportation (ODOT) to ensure ODOT the City intends to use those funds. ODOT must approve the use of the STP funds before the City can proceed with a project.

The City of Lancaster filed for funding with ODOT via the Municipal Bridge Program in 2008. The project is being designed in-house. Stage #2 plans were submitted to ODOT District 5 early 2014. The environmental document is being prepared by ODOT District 5 and is in progress. Construction is estimated to take place summer of 2015.



***Letter of Transmittal  
For the Year Ended December 31, 2013***

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A citizens group spearheaded a successful street levy proposal that will provide \$2M per year for the next ten years for street projects in the City. The City will begin receiving the revenues from this 3.0 mil property tax in 2014. The street levy is much needed since there were limited funds for street maintenance programs, no funds for a local street paving programs and no funds to provide local match monies to outside grants; the City was using outside funding sources to provide match to fund needed projects.

At year's end, the Departments of Engineering and Transportation were working to prepare plans and bidding documents for the 2014 Street Improvement Program that will resurface local streets in several neighborhoods. Also, plans were being developed for using some of the street levy funds to provide for street maintenance activities such as micro-surfacing and an alley maintenance program.

The City submitted an application for a Hazard Mitigation Grant through the Ohio Emergency Management Agency for the Union Mulberry area on the west side of town. This area is subject to surcharged storm sewers during heavy rain. The pre-application was approved for the first portion of the project east of Brumfield Road. The application is currently under review by FEMA for a 2014 grant award.

Amendments to the federal Clean Water Act have directed pollution mitigation efforts to other water pollution sources, one being combined sewer overflows (CSO's). Older cities like Lancaster have combined sewers that carry both sanitary and storm flows in the same conduits. During and after rain events those sewers become filled beyond capacity and the system outlets the excess flow to streams and rivers. Those outlet points are CSO's. The CSO's are permitted under the City's recently issued National Pollution Discharge Elimination System (NPDES) permit. However, under the new permit, the City is required to reduce the number of overflow events at its CSO's. Prior to the new permit, the City retained a consulting engineer to develop a plan of improvements and schedule for construction of those improvements to meet the stricter permit conditions. The City and the Ohio Environmental Protection Agency finalized negotiations of this pollution mitigation plan, and that plan is part of the City's NPDES permit. The City anticipates spending \$70M over the next fifteen years to construct the required improvements to the City's sewerage system. To date the City has reduced the number of CSO locations from 33 in 1995 to 9 at the end of 2013 with completion of the Forest Rose Sewer Separation, Whiley Walnut Sewer Separation and CSO 1026 relief sewer. A major cleaning project for the Hocking River interceptors to restore capacity will start in 2014. The South Broad Street express sewer is under design for bidding in late 2014. A revision to the Long Term Control Plan will be completed in 2014.

The Division of Water continues to work on the East Main St SR 37/US22 loop. The SR 37 and Snoke Hill Road sections of the water line were constructed in 2012. The US 22 portion of the project was constructed in 2013. A small interconnection to connect the two lines is scheduled for 2014.

In 2013, the City entered into a ten-year maintenance agreement for the various water storage tanks. Initial work will include inspection and evaluation with needed maintenance and repairs included in the contract.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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The City formerly utilized Clean Ohio Revitalization Funds to remediate the former Frick-Gallagher Manufacturing/Ray-O-Vac Facility on South Ewing Street. The clean-up was completed in 2012, and the property was turned over to the Lancaster Port Authority to market for industrial uses. In 2013 the City's Economic Development Department, working with the Lancaster Port Authority, developed improvement plans to convert the site into an industrial subdivision. The project was bid in late 2013, but no bids were received. The Engineering Department assisted the Economic Development Department by re-designing the site so that various utilities could be sent out for bid. Construction is set to take place spring 2014.

Fairfield County Municipal Court shares historic City Hall with the Mayor's Office, Service-Safety Director, City Auditor, City Treasurer and City Utilities Collection Office. In 2008, the Court began earmarking funds in its "Special Projects Fund" for the purpose of establishing a funding source for a new facility in the future. The Court was made aware of the availability of a historic downtown Lancaster building, known as The Columbian. Following a court-commissioned feasibility study of the building and a review of Special Projects Fund revenues, the Court increased court costs by \$10/case effective July 1, 2011. The City Administration and City Council were extremely supportive of the Court's intention to purchase the building and repurpose it for the Municipal Court. The Court officially purchased The Columbian on April 30, 2012. The estimated total project cost is \$9 million +/-, including purchase of the building. Hard costs of \$8 million +/- (including demolition & construction) will be paid from bonds, with debt service borne by the Court's Special Projects Fund annual revenues. A selection committee comprised of City, County and public representatives selected the architectural firm of Brandstetter Carroll as the project's architect and the City entered into contract with the firm in July, 2012. Elford Construction was selected as construction manager in October, 2013. Contractor bids are currently under review and \$8.3 million general obligation bonds were issued in June, 2014, with construction to start shortly thereafter. There is an approximate 12-month construction schedule.

The City also purchased the former Frick-Gallagher Manufacturing Facility on South Ewing Street in late 2007. A Phase I Environmental Site Investigation was performed at the site in 2002 and a Clean Ohio Assistance Fund grant funded additional studies of the site in 2010. The City was awarded a Clean Ohio Revitalization Fund grant to remediate the site. Site remediation work began in 2011. Some environmental concerns have temporarily suspended the work for further study. Work resumed and was completed in 2012. Preliminary site development plans from the Lancaster Port Authority were under review at year's end to convert the site to an industrial subdivision.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**FINANCIAL INFORMATION**

**Internal Control, Budgetary Control and the Accounting System**

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance of the following:

1. The City's assets are protected against loss and unauthorized use or disposition.
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation.
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's Office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

The Auditor's Office is responsible for the auditing and analysis of all purchase orders of the City. Personnel of the Auditor's Office carefully review purchase orders to help ensure the availability of monies in the proper funds and accounts prior to the certification and subsequent payment of approved invoices. The City utilizes a fully-automated accounting system as well as, an automated system of controls for capital asset accounting and payroll. These systems, coupled with the review and examination performed by the City Auditor's Office, help ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each department within each fund via legislation approved by City Council. Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year, which coincides with the calendar year.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**OTHER INFORMATION**

**Independent Audit**

This report includes an unmodified audit report regarding the City's financial statements. The audit was conducted by Dave Yost, Auditor of State. The Auditor's Report on the basic financial statements is included in the financial section of this report. The Auditor's report relating to the Federal Single Audit Act of 1996 is issued separately.

**Awards**

The Government Finance Officers Association (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ending December 31, 2012. This was the twenty-sixth year the City has won this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and I am again submitting it to the GFOA to determine its eligibility for another certificate.

**Public Disclosure**

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Lancaster, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

***Letter of Transmittal  
For the Year Ended December 31, 2013***

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**Acknowledgments**

A special thanks is extended to my staff Amy Burwell, Jody Sheets, Paula Wahl, and Anitra Scott Deputy Auditors, for their assistance in compiling the cash reports and other data. I would like to thank Donald J. Schonhardt & Associates, Inc. for their professional guidance and many hours of hard work that went into preparing this report. The cooperation of many people is required to produce a quality product such as this CAFR.

Sincerely,



Patricia Nettles  
City Auditor

**CITY OF LANCASTER, OHIO**

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***List of Principal Officials  
For the Year Ended December 31, 2013***

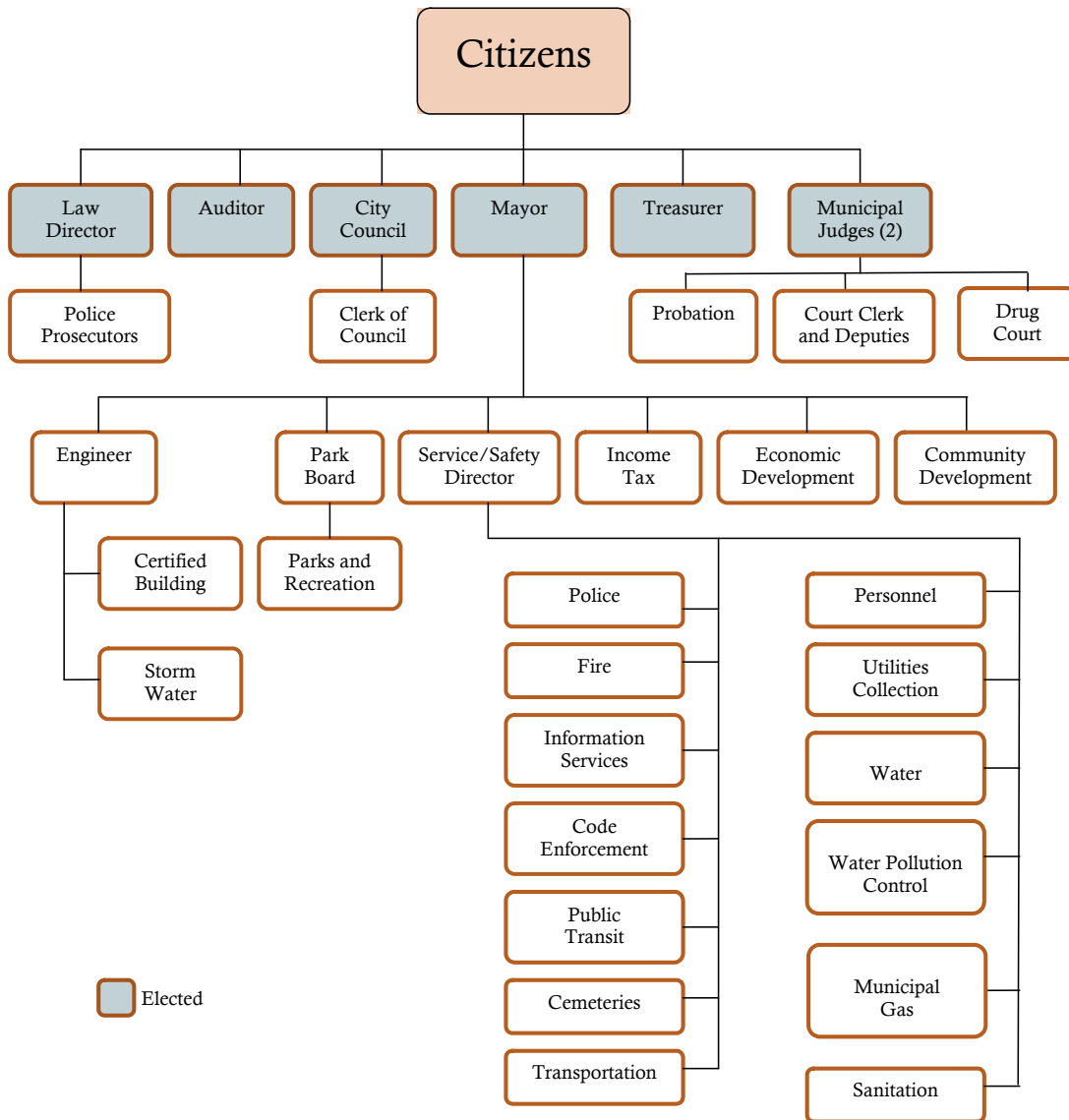
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<u><i>Name</i></u>	<u><i>Title</i></u>
<b><i>Executive Officials</i></b>	
David Smith	Mayor
Patricia Nettles	Auditor
Randall Ullom	Law Director
Robert Wolfinger	Treasurer
<b><i>Legislative Officials</i></b>	
Kenneth Culver	President of Council
Jon Hale	Council-at-Large
Jerry Woodgeard	Council-at-Large
Robert Hedges	Council-at-Large
Melody Bobbitt	Council - 1st Ward
John Zekas	Council - 2nd Ward
Randy Groff	Council - 3rd Ward
Tom Stoughton	Council - 4th Ward
Tim Welker	Council - 5th Ward
Rudy Touvell	Council - 6th Ward
<b><i>Administrative Officials</i></b>	
Paul Martin	Acting Service/Safety Director
Andrew Yost	Income Tax Commissioner
Brad W. Fagrell	City Engineer

City Address:  
City of Lancaster  
104 East Main Street  
Lancaster, Ohio 43130

*City Organizational Chart  
For the Year Ended December 31, 2013*

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Lancaster  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2012**

Executive Director/CEO



## *FINANCIAL SECTION*

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

City of Lancaster  
Fairfield County  
104 East Main Street  
Lancaster, Ohio 43130

To the members of City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lancaster, Fairfield County, Ohio, (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Lancaster Port Authority, which represent 78 percent, 96 percent, and 16 percent, respectively, of the assets, net position, and revenues of the business type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for business type activities, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement. The other auditors audited the financial statements of *the Lancaster Port Authority* in accordance with auditing standards generally accepted in the United States of America and in accordance with *Government Auditing Standards*.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control.

Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Lancaster, Fairfield County, Ohio, as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and .45 Police & Fire Levy Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

June 25, 2014

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The discussion and analysis of the City of Lancaster's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2013. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2013 are as follows:

- ❑ In total, net position decreased \$1,298,895. Net position of governmental activities increased \$6,014,734 which represents a 13.4% increase from 2012. Net position of business-type activities decreased \$7,313,629 or 68.0% from 2012.
- ❑ General revenues accounted for \$23,928,030 in revenue or 27.2% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$63,925,134, 72.8% of total revenues of \$87,853,164.
- ❑ The City had \$33,097,751 in expenses related to governmental activities; only \$15,184,455 of these expenses were offset by program specific charges for services, grants or contributions.
- ❑ Among major funds, the general fund had \$17,396,348 in revenues and other financing sources and \$16,095,978 in expenditures and other financing uses. The general fund's fund balance increased from \$5,433,903 to \$6,712,201.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

### **Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net position and how they have changed. Net-position (the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- ***Governmental Activities*** – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's gas, water, water pollution, storm water and sanitation services are reported as business-type activities.

### **Fund Financial Statements**

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

***Governmental Funds*** – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The City's major funds are the General Fund, the .45 Police and Fire Levy Fund and the Capital Improvement Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.



**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Gas, Water, Water Pollution, Sanitation, Storm Water, and Port Authority funds, all of which are considered major funds.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Assets and Liabilities.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a summary of the City's net position for 2013 compared to 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$31,083,268	\$28,455,972	\$501,255,943	\$518,073,925	\$532,339,211	\$546,529,897
Capital assets, Net	42,498,900	38,297,487	124,703,399	127,153,208	167,202,299	165,450,695
Total assets	73,582,168	66,753,459	625,959,342	645,227,133	699,541,510	711,980,592
Deferred outflows of resources	0	0	134,170,385	137,380,372	134,170,385	137,380,372
Long-term debt outstanding	13,379,661	14,475,976	412,429,600	421,496,172	425,809,261	435,972,148
Other liabilities	4,905,657	4,620,273	137,740,441	141,342,600	142,646,098	145,962,873
Total liabilities	18,285,318	19,096,249	550,170,041	562,838,772	568,455,359	581,935,021
Deferred inflows of resources	4,465,105	2,840,199	206,510,285	209,005,703	210,975,390	211,845,902
Net position:						
Net investment in capital assets	34,859,182	30,705,182	42,495,213	40,307,130	77,354,395	71,012,312
Restricted	10,580,754	10,328,275	2,469,200	2,479,228	13,049,954	12,807,503
Unrestricted (Deficit)	5,391,809	3,783,554	(41,515,012)	(32,023,328)	(36,123,203)	(28,239,774)
Total net position	\$50,831,745	\$44,817,011	\$3,449,401	\$10,763,030	\$54,281,146	\$55,580,041

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**CITY OF LANCASTER, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

Changes in Net Position –The following table shows the changes in net position for 2013 compared to 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services and Sales	\$6,768,679	\$6,496,013	\$48,436,219	\$43,791,748	\$55,204,898	\$50,287,761
Operating Grants, Contributions and Interest	5,242,074	8,668,164	198,065	163,697	5,440,139	8,831,861
Capital Grants and Contributions	3,173,702	169,670	106,395	432,880	3,280,097	602,550
Total Program Revenues	15,184,455	15,333,847	48,740,679	44,388,325	63,925,134	59,722,172
General Revenues:						
Property Taxes	2,635,946	2,683,255	0	0	2,635,946	2,683,255
Income Taxes	17,948,988	18,218,093	0	0	17,948,988	18,218,093
Other Local Taxes	618,634	617,585	0	0	618,634	617,585
Intergovernmental Revenues not Restricted to Specific Programs	1,794,651	1,493,621	0	0	1,794,651	1,493,621
Investment Earnings	110,281	272,735	0	0	110,281	272,735
Miscellaneous	819,530	992,265	0	0	819,530	992,265
Total General Revenues	23,928,030	24,277,554	0	0	23,928,030	24,277,554
Total Revenues	39,112,485	39,611,401	48,740,679	44,388,325	87,853,164	83,999,726
Program Expenses						
Security of Persons and Property	16,617,988	15,424,941	0	0	16,617,988	15,424,941
Public Health and Welfare Services	857,082	744,949	0	0	857,082	744,949
Leisure Time Activities	1,810,306	1,893,828	0	0	1,810,306	1,893,828
Community Environment	688,405	825,620	0	0	688,405	825,620
Transportation	4,825,294	6,385,975	0	0	4,825,294	6,385,975
General Government	7,943,615	9,512,336	0	0	7,943,615	9,512,336
Interest and Fiscal Charges	355,061	329,507	0	0	355,061	329,507
Gas	0	0	14,481,150	12,339,382	14,481,150	12,339,382
Water	0	0	8,193,295	8,689,156	8,193,295	8,689,156
Water Pollution	0	0	9,576,190	9,525,692	9,576,190	9,525,692
Sanitation	0	0	3,197,770	3,205,787	3,197,770	3,205,787
Storm Water	0	0	1,941,058	1,717,429	1,941,058	1,717,429
Port Authority	0	0	18,664,845	17,564,850	18,664,845	17,564,850
Total Expenses	33,097,751	35,117,156	56,054,308	53,042,296	89,152,059	88,159,452
Change in Net Position before transfers	6,014,734	4,494,245	(7,313,629)	(8,653,971)	(1,298,895)	(4,159,726)
Transfers	0	(44,539)	0	44,539	0	0
Total Change in Net Position	6,014,734	4,449,706	(7,313,629)	(8,609,432)	(1,298,895)	(4,159,726)
Beginning Net Position	44,817,011	40,367,305	10,763,030	19,372,462	55,580,041	59,739,767
Ending Net Position	\$50,831,745	\$44,817,011	\$3,449,401	\$10,763,030	\$54,281,146	\$55,580,041

***Management's Discussion and Analysis  
For the Year Ended December 31, 2013***

***Unaudited***

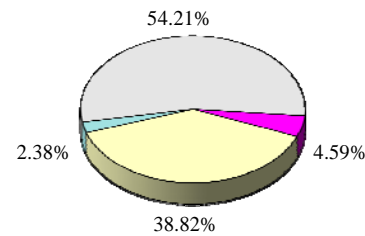
***Governmental Activities***

Net position of the City's governmental activities increased by \$6,014,734. This increase is due to a \$3,004,032 increase in capital grants and contributions due to grants for street improvements. In addition, the expense for the City's pollution remediation projects decreased by \$1.6 million in 2013 compared to 2012.

The City receives an income tax, which is based on 1.75% of all salaries, wages, commissions and other compensation and on net profits earned from those working in the City.

Income taxes and property taxes made up 45.9% and 6.7% respectively of revenues for governmental activities for the City in fiscal year 2013. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54.21% of total revenues from general tax revenues:

Revenue Sources	2013	Percent of Total
General Tax Revenues	\$21,203,568	54.21%
Unrestricted Intergovernmental	1,794,651	4.59%
Program Revenues	15,184,455	38.82%
General Other	929,821	2.38%
<b>Total Revenue</b>	<b>\$39,112,495</b>	<b>100.00%</b>



***Business-Type Activities***

Net position of the business type activities decreased by \$7,313,629. This decrease was the result of recognizing the consumption of the current year portion of the prepaid gas supply. The decrease was partially offset by maintaining revenues over expenses in most of the other business-type activities funds.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$14,924,637, which is an increase from last year's balance of \$13,762,738. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2013 and 2012:

	Fund Balance December 31, 2013	Fund Balance December 31, 2012	Increase (Decrease)
General	\$6,712,201	\$5,433,903	\$1,278,298
.45 Police and Fire Levy	(540,425)	0	(540,425)
Capital Improvement	(366,169)	493,684	(859,853)
Other Governmental	9,119,030	7,835,151	1,283,879
<b>Total</b>	<b>\$14,924,637</b>	<b>\$13,762,738</b>	<b>\$1,161,899</b>

**CITY OF LANCASTER, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

General Fund – The City's General Fund balance increase is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2013 Revenues	2012 Revenues	Increase (Decrease)
Taxes	\$11,720,028	\$17,555,943	(\$5,835,915)
Intergovernmental Revenue	1,659,844	2,020,903	(361,059)
Charges for Services	2,893,851	2,895,955	(2,104)
Licenses, Permits, and Fees	20,760	25,770	(5,010)
Investment Earnings	111,823	297,793	(185,970)
Fines and Forfeitures	779,170	812,108	(32,938)
All Other Revenue	190,121	175,824	14,297
Total	<u>\$17,375,597</u>	<u>\$23,784,296</u>	<u>(\$6,408,699)</u>

General Fund revenues in 2013 decreased approximately 26.9% compared to revenues in 2012. This is almost entirely due to the addition of two new funds to account for income tax revenue to be used for police and fire department Intergovernmental revenues were down due to a decrease in Local Government Revenue funds distributed by the State and a fire department grant received in 2012.

	2013 Expenditures	2012 Expenditures	Increase (Decrease)
Security of Persons and Property	\$8,651,936	\$15,263,140	(\$6,611,204)
Public Health and Welfare Services	285,710	262,250	23,460
Community Environment	149,438	245,283	(95,845)
General Government	5,904,463	5,601,946	302,517
Debt Service:			
Principal Retirement	91,026	54,014	37,012
Interest and Fiscal Charges	70,854	61,935	8,919
Total	<u>\$15,153,427</u>	<u>\$21,488,568</u>	<u>(\$6,335,141)</u>

General Fund expenditures decreased by \$6,335,141 or 29.5% compared to the prior year. This is almost entirely due to the addition of two new funds to account for police and fire department operations.

*.45 Police and Fire Levy Fund* – The decrease in fund balance is due to tax revenue which is not received in the period of availability.

*Capital Improvement Fund* – The decrease in fund balance is from transfers of funds to new funds created for street projects and to account for a fire levy income tax.

***Management's Discussion and Analysis  
For the Year Ended December 31, 2013***

***Unaudited***

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Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these funds have been addressed in the discussion of the City's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2013, the City amended its General Fund budget several times. The final budget basis expenditures of \$21,932,719 did not change significantly from the original budget. The positive variance with the final budget of \$2.2 million was the result of the City budgeting at full staffing levels but the City has not filled the vacancies that existed in 2013. All General Fund departments are being conservative on their spending.

For the General Fund, final budget basis revenue of \$19,441,534 did not significantly change from the original budget estimates. The positive variance with final budgeted revenues of \$1.6 million was a result of increased Income Tax collections because of large construction projects beginning in 2013. The City termed out an inter-fund advance by issuing debt for the Aerial Platform Fire Truck along with the City receiving unanticipated Estate Tax and Homestead Rollback real estate settlements.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2013 the City had \$167,202,299 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$42,498,900 was related to governmental activities and \$124,703,399 to the business-type activities. The following table shows 2013 and 2012 balances:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Land	\$18,055,298	\$17,962,047	\$93,251
Construction In Progress	3,861,034	1,831,328	2,029,706
Buildings	7,774,652	7,661,724	112,928
Improvements Other than Buildings	7,698,515	5,691,141	2,007,374
Machinery and Equipment	4,633,283	4,312,700	320,583
Vehicles	6,018,633	5,909,118	109,515
Infrastructure	21,307,458	21,132,163	175,295
Less: Accumulated Depreciation	(26,849,973)	(26,202,734)	(647,239)
Totals	<u>\$42,498,900</u>	<u>\$38,297,487</u>	<u>\$4,201,413</u>

The primary increases occurred in construction in progress for street improvements and improvements other than buildings with the completion of the bike trail.

**CITY OF LANCASTER, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2013***

***Unaudited***

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	Business-Type Activities		Increase (Decrease)
	2013	2012	
Land	\$3,476,307	\$3,476,307	\$0
Construction in Progress	1,125,559	1,393,699	(268,140)
Buildings	81,014,099	80,989,674	24,425
Improvements	34,883,052	34,410,903	472,149
Machinery and Equipment	10,644,762	10,514,923	129,839
Vehicles	4,968,359	4,876,000	92,359
Infrastructure	82,722,635	79,565,490	3,157,145
Less: Accumulated Depreciation	<u>(94,131,374)</u>	<u>(88,073,788)</u>	<u>(6,057,586)</u>
Totals	<u>\$124,703,399</u>	<u>\$127,153,208</u>	<u>(\$2,449,809)</u>

Business type capital assets decreased by \$2,449,809. The additions to infrastructure include completed storm drainage systems and the construction of gas lines. Additional information on the City's capital assets can be found in Note 9.

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2013**

**Unaudited**

**Debt**

At December 31, 2013, the City had \$4,360,000 in general obligation bonds outstanding, \$485,000 due within one year; \$356,703,101 in revenue bonds outstanding, \$5,120,000 due within one year; and \$52,496,243 in Ohio Water Development Authority Loans outstanding, \$4,548,078 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Governmental Activities:		
General Obligation Bond Payable	\$4,360,000	\$4,835,000
Special Assessment Bond		
with Government Commitment	191,000	210,000
Housing and Urban Development Loan	310,000	400,000
Ohio Public Works Commission Loan	45,646	54,775
State Infrastructure Bank Loan	314,502	464,867
Ohio Water Development Authority Loans	361,723	376,754
Installment Loan Payable	1,695,230	1,492,108
Compensated Absences	4,622,037	4,487,822
Capital Leases	114,214	184,820
Pollution Remediation Obligation	1,365,309	1,969,830
Total Governmental Activities	<u>\$13,379,661</u>	<u>\$14,475,976</u>
Business-Type Activities:		
Ohio Water Development Authority Loans	\$52,134,520	\$56,434,105
Revenue Bonds Payable	356,703,101	361,341,879
Landfill Postclosure Care Liability	1,271,343	1,350,508
Capital Leases	280,665	325,974
Compensated Absences	2,039,971	2,043,706
Total Business-Type Activities	<u>\$412,429,600</u>	<u>\$421,496,172</u>
Totals	<u><u>\$425,809,261</u></u>	<u><u>\$435,972,148</u></u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2013, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

**ECONOMIC FACTORS**

Lancaster is home to a diversified community of businesses. The more than 150 manufacturing operations in the area are supported by an equal number of service operations that provide a comprehensive network of support. In 2013, the City of Lancaster had large construction projects begin but will be completed in 2014 and 2015. We have the Lancaster City Schools breaking ground for new elementary schools, the Fairfield Medical Center began construction on their expansion, and construction began on the River Valley Mall for a new movie theater.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Patricia Nettles, City Auditor of the City of Lancaster.







**CITY OF LANCASTER, OHIO**

**Statement of Net Position  
December 31, 2013**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 7,463,936	\$ 4,524,831	\$ 11,988,767
Cash and Cash Equivalents with Fiscal Agent	3,490,585	0	3,490,585
Investments	7,211,755	28,295,240	35,506,995
Receivables:			
Taxes	8,544,089	0	8,544,089
Accounts	174,051	5,588,541	5,762,592
Intergovernmental	2,553,917	0	2,553,917
Interest	60,132	35,845	95,977
Special Assessments	305,218	0	305,218
Loans	1,701,090	0	1,701,090
Internal Balances	(961,722)	961,722	0
Inventory of Supplies	477,410	3,471,596	3,949,006
Prepaid Items	60,299	56,228	116,527
Prepaid Gas Supply - Current	0	14,185,528	14,185,528
Prepaid Gas Supply	0	226,991,630	226,991,630
Land Held for Resale	0	140,400	140,400
Fair Value of Derivative Instruments	0	206,510,285	206,510,285
Restricted Assets:			
Cash and Cash Equivalents	0	9,965,261	9,965,261
Cash and Cash Equivalents with Fiscal Agent	2,508	0	2,508
Investments	0	528,836	528,836
Capital Assets Not Being Depreciated	21,916,332	4,601,866	26,518,198
Capital Assets Being Depreciated, Net	20,582,568	120,101,533	140,684,101
<b>Total Assets</b>	<b>73,582,168</b>	<b>625,959,342</b>	<b>699,541,510</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Loss on Early Retirement of Debt	0	853,402	853,402
Deferred Outflow from Derivative Instruments	0	133,316,983	133,316,983
Total Deferred Outflows of Resources	0	134,170,385	134,170,385
<b>Liabilities:</b>			
Accounts Payable	556,709	1,136,544	1,693,253
Accrued Wages and Benefits	1,758,038	563,276	2,321,314
Intergovernmental Payable	141,404	13,419	154,823
Claims Payable	651,557	0	651,557
Due to Others, Payable from Restricted Assets	70,000	139,452	209,452
Unearned Revenue	0	94,500	94,500
Accrued Interest Payable	34,200	1,065,267	1,099,467
General Obligation Notes Payable	1,693,749	1,411,000	3,104,749
Fair Value of Derivative Instruments	0	133,316,983	133,316,983
Long Term Liabilities:			
Due within one year	2,852,018	9,931,372	12,783,390
Due in more than one year	10,527,643	402,498,228	413,025,871
<b>Total Liabilities</b>	<b>18,285,318</b>	<b>550,170,041</b>	<b>568,455,359</b>

**CITY OF LANCASTER, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	4,465,105	0	4,465,105
Deferred Inflow from Derivative Instruments	0	206,510,285	206,510,285
Total Deferred Inflows of Resources	<u>4,465,105</u>	<u>206,510,285</u>	<u>210,975,390</u>
<b>Net Position:</b>			
Net Investment in Capital Assets	34,859,182	42,495,213	77,354,395
Restricted For:			
Streets and Highways	2,490,991	0	2,490,991
Community Development	2,499,666	0	2,499,666
Security of Persons and Property	4,164,536	0	4,164,536
Debt Service	406,390	2,469,200	2,875,590
Perpetual Care, Nonexpendable	1,001,740	0	1,001,740
Other Purposes	17,431	0	17,431
Unrestricted (Deficit)	<u>5,391,809</u>	<u>(41,515,012)</u>	<u>(36,123,203)</u>
<b>Total Net Position</b>	<u>\$ 50,831,745</u>	<u>\$ 3,449,401</u>	<u>\$ 54,281,146</u>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2013**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 16,617,988	\$ 2,720,979	\$ 449,858	\$ 0
Public Health and Welfare Services	857,082	235,910	109,989	0
Leisure Time Activities	1,810,306	351,611	238,762	0
Community Environment	688,405	65,761	582,554	0
Transportation	4,825,294	955,710	3,077,954	3,173,702
General Government	7,943,615	2,438,708	782,957	0
Interest and Fiscal Charges	355,061	0	0	0
<b>Total Governmental Activities</b>	<b>33,097,751</b>	<b>6,768,679</b>	<b>5,242,074</b>	<b>3,173,702</b>
<b>Business-Type Activities:</b>				
Gas	14,481,150	15,121,742	0	0
Water	8,193,295	7,891,739	(5,512)	66,403
Water Pollution	9,576,190	11,082,399	(9,432)	21,448
Sanitation	3,197,770	3,635,892	1,560	0
Storm Water	1,941,058	2,956,331	164,275	18,544
Port Authority	18,664,845	7,748,116	47,174	0
<b>Total Business-Type Activities</b>	<b>56,054,308</b>	<b>48,436,219</b>	<b>198,065</b>	<b>106,395</b>
<b>Totals</b>	<b>\$ 89,152,059</b>	<b>\$ 55,204,898</b>	<b>\$ 5,440,139</b>	<b>\$ 3,280,097</b>

**General Revenues:**

Property Taxes Levied for:  
 General Purposes  
 Special Purposes  
 Debt Service  
 Capital Outlay  
 Income Tax  
 Other Local Taxes  
 Intergovernmental Revenues not Restricted to Specific Programs  
 Investment Earnings  
 Miscellaneous  
 Total General Revenues  
 Change in Net Position  
 Net Position Beginning of Year  
**Net Position End of Year**

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (13,447,151)	\$ 0	\$ (13,447,151)
(511,183)	0	(511,183)
(1,219,933)	0	(1,219,933)
(40,090)	0	(40,090)
2,382,072	0	2,382,072
(4,721,950)	0	(4,721,950)
<u>(355,061)</u>	<u>0</u>	<u>(355,061)</u>
<u>(17,913,296)</u>	<u>0</u>	<u>(17,913,296)</u>
0	640,592	640,592
0	(240,665)	(240,665)
0	1,518,225	1,518,225
0	439,682	439,682
0	1,198,092	1,198,092
0	<u>(10,869,555)</u>	<u>(10,869,555)</u>
<u>0</u>	<u>(7,313,629)</u>	<u>(7,313,629)</u>
<u>(17,913,296)</u>	<u>(7,313,629)</u>	<u>(25,226,925)</u>
1,775,753	0	1,775,753
392,439	0	392,439
331,819	0	331,819
135,935	0	135,935
17,948,988	0	17,948,988
618,634	0	618,634
1,794,651	0	1,794,651
110,281	0	110,281
819,530	0	819,530
<u>23,928,030</u>	<u>0</u>	<u>23,928,030</u>
6,014,734	(7,313,629)	(1,298,895)
<u>44,817,011</u>	<u>10,763,030</u>	<u>55,580,041</u>
<u>\$ 50,831,745</u>	<u>\$ 3,449,401</u>	<u>\$ 54,281,146</u>

**CITY OF LANCASTER, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2013**

	General	.45 Police and Fire Levy Fund	Capital Improvement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 618,294	\$ 0	\$ 52,579
Investments	4,372,868	0	428,806
Receivables:			
Taxes	4,041,301	979,969	65,332
Accounts	173,759	0	0
Intergovernmental	614,261	0	85,920
Interest	57,209	0	0
Special Assessments	0	0	0
Loans	0	0	0
Interfund Loans Receivable	877,100	0	0
Inventory of Supplies	170,725	0	0
Prepaid Items	47,637	0	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	2,508	0	0
<b>Total Assets</b>	<b>\$ 10,975,662</b>	<b>\$ 979,969</b>	<b>\$ 632,637</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 189,469	\$ 79,408	\$ 85,920
Accrued Wages and Benefits Payable	467,901	904,201	0
Intergovernmental Payable	141,404	0	0
Due to Others	0	0	0
Interfund Loans Payable	0	0	877,100
Accrued Interest Payable	0	0	0
General Obligation Notes Payable	0	0	0
<b>Total Liabilities</b>	<b>798,774</b>	<b>983,609</b>	<b>963,020</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	1,730,000	0	0
Unavailable Revenue	1,734,687	536,785	35,786
<b>Total Deferred Inflows of Resources</b>	<b>3,464,687</b>	<b>536,785</b>	<b>35,786</b>
<b>Fund Balances:</b>			
Nonspendable	218,362	0	0
Restricted	0	0	0
Committed	0	0	0
Assigned	1,242,718	0	0
Unassigned	5,251,121	(540,425)	(366,169)
<b>Total Fund Balances</b>	<b>6,712,201</b>	<b>(540,425)</b>	<b>(366,169)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,975,662</b>	<b>\$ 979,969</b>	<b>\$ 632,637</b>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 6,170,943	\$ 6,841,816
2,410,081	7,211,755
3,457,487	8,544,089
292	174,051
1,853,736	2,553,917
2,923	60,132
305,218	305,218
1,701,090	1,701,090
0	877,100
303,568	474,293
12,662	60,299
0	2,508
\$ 16,218,000	\$ 28,806,268
\$ 115,890	\$ 470,687
350,826	1,722,928
0	141,404
70,000	70,000
0	877,100
1,076	1,076
1,693,749	1,693,749
2,231,541	4,976,944
2,735,105	4,465,105
2,132,324	4,439,582
4,867,429	8,904,687
3,019,060	3,237,422
6,525,938	6,525,938
1,323,924	1,323,924
0	1,242,718
(1,749,892)	2,594,635
9,119,030	14,924,637
\$ 16,218,000	\$ 28,806,268

***Reconciliation Of Total Governmental Fund Balances  
To Net Position Of Governmental Activities  
December 31, 2013***

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<b>Total Governmental Fund Balances</b>	\$	14,924,637
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		41,661,230
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		4,439,582
Internal Service Funds are used by management to charge the costs of insurance and information services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,850,828
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Housing and Urban Development Loan Payable	(310,000)	
Special Assessment Bonds Payable	(191,000)	
Ohio Public Works Commission Loans Payable	(45,646)	
General Obligation Bonds Payable	(4,360,000)	
State Infrastructure Bank Loan Payable	(314,502)	
Ohio Water Development Authority Loan Payable	(361,723)	
Installment Loan	(1,451,945)	
Pollution Remediation Obligation	(1,365,309)	
Capital Leases Payable	(114,214)	
Compensated Absences Payable	(4,497,417)	
Accrued Interest Payable	(32,776)	
		<u>(13,044,532)</u>
<b><i>Net Position of Governmental Activities</i></b>	<b>\$</b>	<b><u>50,831,745</u></b>

See accompanying notes to the basic financial statements





**CITY OF LANCASTER, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2013**

	General	.45 Police and Fire Levy	Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 11,720,028	\$ 4,628,970	\$ 278,099
Intergovernmental Revenues	1,659,844	0	3,601,268
Charges for Services	2,893,851	0	0
Licenses, Permits and Fees	20,760	0	0
Investment Earnings	111,823	0	0
Special Assessments	0	0	0
Fines and Forfeitures	779,170	0	0
All Other Revenue	190,121	0	422,284
<b>Total Revenue</b>	<b>17,375,597</b>	<b>4,628,970</b>	<b>4,301,651</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	8,651,936	5,169,395	0
Public Health and Welfare Services	285,710	0	0
Leisure Time Activities	0	0	0
Community Environment	149,438	0	0
Transportation	0	0	0
General Government	5,904,463	0	0
Capital Outlay	0	0	4,133,035
Debt Service:			
Principal Retirement	91,026	0	27,077
Interest and Fiscal Charges	70,854	0	5,056
<b>Total Expenditures</b>	<b>15,153,427</b>	<b>5,169,395</b>	<b>4,165,168</b>
Excess (Deficiency) of Revenues Over Expenditures	2,222,170	(540,425)	136,483
<b>Other Financing Sources (Uses):</b>			
Installment Loan	0	0	0
Transfers In	0	0	40,000
Transfers Out	(942,551)	0	(1,036,336)
Other Financing Source - Capital Lease	20,751	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(921,800)</b>	<b>0</b>	<b>(996,336)</b>
Net Change in Fund Balances	1,300,370	(540,425)	(859,853)
<b>Fund Balances at Beginning of Year</b>	<b>5,433,903</b>	<b>0</b>	<b>493,684</b>
Increase (Decrease) in Inventory Reserve	(22,072)	0	0
<b>Fund Balances End of Year</b>	<b>\$ 6,712,201</b>	<b>\$ (540,425)</b>	<b>\$ (366,169)</b>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 3,894,957	\$ 20,522,054
4,664,498	9,925,610
2,124,726	5,018,577
560	21,320
5,353	117,176
99,710	99,710
1,331,923	2,111,093
237,541	849,946
<u>12,359,268</u>	<u>38,665,486</u>
2,575,529	16,396,860
611,937	897,647
1,840,118	1,840,118
537,951	687,389
4,443,455	4,443,455
1,585,699	7,490,162
588,802	4,721,837
851,160	969,263
276,184	352,094
<u>13,310,835</u>	<u>37,798,825</u>
(951,567)	866,661
470,575	470,575
1,995,399	2,035,399
(235,200)	(2,214,087)
0	20,751
<u>2,230,774</u>	<u>312,638</u>
1,279,207	1,179,299
7,835,151	13,762,738
4,672	(17,400)
<u>\$ 9,119,030</u>	<u>\$ 14,924,637</u>

**CITY OF LANCASTER, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2013***

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**Net Change in Fund Balances - Total Governmental Funds** \$ 1,179,299

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as capital outlays. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Capital Outlay	5,314,130	
Depreciation Expense	(1,804,280)	3,509,850

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net position

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	247,106	
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The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	(21,983)	225,123

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 165,835

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, but has no effect on net position.

Capital Lease Payable	(20,751)	
Installment Loan Payable	(470,575)	(491,326)

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Housing and Urban Development Loan Payable	90,000	
Special Assessment Bonds Payable	19,000	
Ohio Public Works Commission Loans Payable	9,129	
General Obligation Bonds Payable	475,000	
Ohio Water Development Authority Loan Payable	15,031	
Installment Loan Payable	210,738	
State Infrastructure Bank Loan Payable	150,365	
Pollution Remediation Obligation Payable	604,521	
Capital Leases Payable	91,357	1,665,141

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 4,725

(Continued)

**CITY OF LANCASTER, OHIO**

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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(147,513)	
Change in Inventory	<u>(17,400)</u>	(164,913)

Internal Service Funds used by management to charge the costs of insurance, information services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities.

(79,000)

***Change in Net Position of Governmental Activities***

\$ 6,014,734

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 11,884,135	\$ 11,884,135	\$ 12,346,812	\$ 462,677
Intergovernmental Revenue	941,105	948,329	1,670,720	722,391
Charges for Services	3,495,999	3,550,999	3,461,527	(89,472)
Licenses, Permits and Fees	23,800	23,800	20,760	(3,040)
Investment Earnings	312,006	312,006	270,389	(41,617)
Fines and Forfeitures	771,400	771,400	764,579	(6,821)
All Other Revenues	76,200	77,865	191,996	114,131
Total Revenues	17,504,645	17,568,534	18,726,783	1,158,249
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	11,016,072	11,135,357	9,867,682	1,267,675
Public Health and Welfare Services	278,000	287,960	285,710	2,250
Community Environment	172,217	179,503	160,361	19,142
General Government	6,960,224	7,462,967	6,540,292	922,675
Debt Service:				
Principal Retirement	76,695	91,473	91,026	447
Interest and Fiscal Charges	74,937	75,808	70,854	4,954
Total Expenditures	18,578,145	19,233,068	17,015,925	2,217,143
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,073,500)	(1,664,534)	1,710,858	3,375,392
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(861,579)	(882,551)	(862,551)	20,000
Advances In	1,873,300	1,873,300	2,343,300	470,000
Advances Out	(1,817,100)	(1,817,100)	(1,817,100)	0
Total Other Financing Sources (Uses):	(805,379)	(826,351)	(336,351)	490,000
Net Change in Fund Balance	(1,878,879)	(2,490,885)	1,374,507	3,865,392
Fund Balance at Beginning of Year	2,948,580	2,948,580	2,948,580	0
Prior Year Encumbrances	497,452	497,452	497,452	0
Fund Balance at End of Year	\$ 1,567,153	\$ 955,147	\$ 4,820,539	\$ 3,865,392

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund - .45 Police and Fire Levy Fund  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 4,185,786	\$ 4,185,786	\$ 4,185,786	\$ 0
Total Revenues	<u>4,185,786</u>	<u>4,185,786</u>	<u>4,185,786</u>	<u>0</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,185,786	4,185,786	4,185,786	0
Total Expenditures	<u>4,185,786</u>	<u>4,185,786</u>	<u>4,185,786</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2013**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<b>Assets:</b>				
Current assets:				
Cash and Cash Equivalents	\$ 876,089	\$ 531,768	\$ 1,426,538	\$ 312,031
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	7,975,157	4,466,247	11,707,059	2,544,779
Accounts receivable	2,671,091	913,303	1,293,138	384,402
Interest receivable	0	8,433	25,307	2,105
Due from Other Funds	0	0	0	0
Inventory	2,355,447	1,012,677	35,469	49,356
Prepaid Items	20,270	15,078	17,616	2,801
Prepaid Gas Supply - current	0	0	0	0
Total current assets	<u>13,898,054</u>	<u>6,947,506</u>	<u>14,505,127</u>	<u>3,295,474</u>
Noncurrent assets:				
Restricted Assets:				
Cash and Cash Equivalents	101,794	579,304	1,926,554	0
Investments	0	0	0	528,836
Total restricted assets	<u>101,794</u>	<u>579,304</u>	<u>1,926,554</u>	<u>528,836</u>
Prepaid Gas Supply	0	0	0	0
Land Held for Resale	0	0	0	0
Fair Value of Derivative Instruments	0	0	0	0
Capital assets:				
Capital Assets Not Being Depreciated	399,236	782,274	2,862,945	105,120
Capital Assets Being Depreciated	9,137,656	31,295,969	63,450,937	918,056
Total capital assets (net of accumulated depreciation)	<u>9,536,892</u>	<u>32,078,243</u>	<u>66,313,882</u>	<u>1,023,176</u>
Total noncurrent assets	<u>9,638,686</u>	<u>32,657,547</u>	<u>68,240,436</u>	<u>1,552,012</u>
<b>Total Assets</b>	<u>23,536,740</u>	<u>39,605,053</u>	<u>82,745,563</u>	<u>4,847,486</u>
<b>Deferred Outflows of Resources:</b>				
Deferred Loss on Early Retirement of Debt	0	533,788	319,614	0
Deferred Outflow from Derivative Instruments	0	0	0	0
<b>Total Deferred Outflows of Resources</b>	<u>0</u>	<u>533,788</u>	<u>319,614</u>	<u>0</u>



**CITY OF LANCASTER, OHIO**

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<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 196,431	\$ 776,192	\$ 4,119,049	\$ 1,027,902
0	0	0	3,490,585
1,601,998	0	28,295,240	0
326,607	0	5,588,541	0
0	0	35,845	0
0	627,769	627,769	0
0	0	3,452,949	21,764
95	0	55,860	368
0	14,185,528	14,185,528	0
<u>2,125,131</u>	<u>15,589,489</u>	<u>56,360,781</u>	<u>4,540,619</u>
0	7,357,609	9,965,261	0
0	0	528,836	0
0	<u>7,357,609</u>	<u>10,494,097</u>	0
0	226,991,630	226,991,630	0
0	140,400	140,400	0
0	206,510,285	206,510,285	0
346,091	106,200	4,601,866	35,000
14,457,367	772,895	120,032,880	871,323
<u>14,803,458</u>	<u>879,095</u>	<u>124,634,746</u>	<u>906,323</u>
<u>14,803,458</u>	<u>441,879,019</u>	<u>568,771,158</u>	<u>906,323</u>
<u>16,928,589</u>	<u>457,468,508</u>	<u>625,131,939</u>	<u>5,446,942</u>
0	0	853,402	0
0	133,316,983	133,316,983	0
0	<u>133,316,983</u>	<u>134,170,385</u>	0

(Continued)

**CITY OF LANCASTER, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2013**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<b>Liabilities:</b>				
Current liabilities:				
Accounts Payable	734,144	69,877	223,284	86,228
Accrued Wages and Benefits	111,491	183,485	112,727	80,631
Intergovernmental Payable	0	0	0	11,719
Claims Payable	0	0	0	0
Due to Others, Payable from Restricted Assets	101,794	18,829	18,829	0
Due to Other Funds	627,769	0	0	0
Unearned Revenue	0	0	0	0
Accrued Interest Payable	0	319,423	691,305	25,874
General Obligation Notes Payable	0	0	0	0
Capital Leases Payable - Current	0	4,778	0	0
Revenue Bond Payable - Current	0	290,000	785,000	0
Installment Loan Payable - Current	0	0	0	0
OWDA Loans Payable - Current	0	1,371,420	2,921,066	239,957
Landfill Postclosure Care Liability - Current	0	0	0	78,600
Compensated Absences Payable - Current	19,632	55,924	30,480	17,541
<b>Total Current Liabilities</b>	<b>1,594,830</b>	<b>2,313,736</b>	<b>4,782,691</b>	<b>540,550</b>
Noncurrent Liabilities:				
Capital Leases Payable	0	13,544	0	0
Installment Loans Payable	0	0	0	0
Revenue Bonds Payable	0	6,063,429	21,664,672	0
OWDA Loans Payable	0	13,714,329	32,827,510	1,060,238
Landfill Postclosure Care Liability	0	0	0	1,192,743
Compensated Absences Payable	308,033	578,799	423,512	318,517
Fair Value of Derivative Instruments	0	0	0	0
<b>Total noncurrent liabilities</b>	<b>308,033</b>	<b>20,370,101</b>	<b>54,915,694</b>	<b>2,571,498</b>
<b>Total Liabilities</b>	<b>1,902,863</b>	<b>22,683,837</b>	<b>59,698,385</b>	<b>3,112,048</b>
<b>Deferred Inflows of Resources:</b>				
Deferred Inflow from Derivative Instruments	0	0	0	0
<b>Total Deferred Inflow of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	9,536,892	10,620,743	8,115,634	1,023,176
Restricted for Debt Service	0	560,475	1,908,725	0
Unrestricted (Deficit)	12,096,985	6,273,786	13,342,433	712,262
<b>Total Net Position (Deficit)</b>	<b>\$ 21,633,877</b>	<b>\$ 17,455,004</b>	<b>\$ 23,366,792</b>	<b>\$ 1,735,438</b>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.  
Total Net Position of Business Type Activities

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

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<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
7,938	0	1,121,471	101,095
18,431	0	506,765	91,621
1,700	0	13,419	0
0	0	0	651,557
0	0	139,452	0
0	0	627,769	0
0	94,500	94,500	0
12,854	15,811	1,065,267	348
1,411,000	0	1,411,000	0
57,672	0	62,450	1,006
0	4,045,000	5,120,000	0
0	0	0	58,313
0	0	4,532,443	0
0	0	78,600	0
9,872	0	133,449	16,916
<u>1,519,467</u>	<u>4,155,311</u>	<u>14,906,585</u>	<u>920,856</u>
203,665	0	217,209	0
0	0	0	184,972
0	323,855,000	351,583,101	0
0	0	47,602,077	0
0	0	1,192,743	0
65,119	0	1,693,980	320,246
0	133,316,983	133,316,983	0
<u>268,784</u>	<u>457,171,983</u>	<u>535,606,093</u>	<u>505,218</u>
<u>1,788,251</u>	<u>461,327,294</u>	<u>550,512,678</u>	<u>1,426,074</u>
0	206,510,285	206,510,285	0
0	206,510,285	206,510,285	0
13,131,121	0	42,427,566	662,032
0	0	2,469,200	0
<u>2,009,217</u>	<u>(77,052,088)</u>	<u>(42,617,405)</u>	<u>3,358,836</u>
<u>\$ 15,140,338</u>	<u>\$ (77,052,088)</u>	<u>\$ 2,279,361</u>	<u>\$ 4,020,868</u>
		<u>1,170,040</u>	
		<u>\$ 3,449,401</u>	

**CITY OF LANCASTER, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2013**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<b>Operating Revenues:</b>				
Charges for Services	\$ 14,383,391	\$ 7,869,481	\$ 11,068,420	\$ 3,621,319
Other Operating Revenues	738,351	22,258	13,979	14,573
<b>Total Operating Revenues</b>	<b>15,121,742</b>	<b>7,891,739</b>	<b>11,082,399</b>	<b>3,635,892</b>
<b>Operating Expenses:</b>				
Personal Services	790,817	3,039,286	1,776,992	1,410,127
Contractual Services	1,814,782	1,186,951	1,242,959	1,354,302
Cost of Gas Sold	10,813,193	0	0	0
Materials and Supplies	503,054	1,227,306	1,034,158	247,355
Depreciation	590,504	1,877,544	3,316,503	142,219
Health Insurance Claims	0	0	0	0
<b>Total Operating Expenses</b>	<b>14,512,350</b>	<b>7,331,087</b>	<b>7,370,612</b>	<b>3,154,003</b>
<b>Operating Income (Loss)</b>	<b>609,392</b>	<b>560,652</b>	<b>3,711,787</b>	<b>481,889</b>
<b>Non-Operating Revenue (Expenses):</b>				
Interest Income	0	(5,999)	(9,432)	1,560
Interest and Fiscal Charges	0	(859,433)	(2,221,349)	(54,065)
Loss on Disposal of Capital Assets	0	(3,217)	0	0
Intergovernmental Grants	0	487	0	0
Other Nonoperating Revenue	0	0	0	0
<b>Total Non-Operating Revenues (Expenses)</b>	<b>0</b>	<b>(868,162)</b>	<b>(2,230,781)</b>	<b>(52,505)</b>
<b>Income (Loss) Before Contributions, Special Item, and</b>	<b>609,392</b>	<b>(307,510)</b>	<b>1,481,006</b>	<b>429,384</b>
Capital Contributions	0	66,403	21,448	0
Transfers In	0	0	0	0
<b>Change in Net Position (Deficit)</b>	<b>609,392</b>	<b>(241,107)</b>	<b>1,502,454</b>	<b>429,384</b>
Net Position (Deficit) Beginning of Year	21,024,485	17,696,111	21,864,338	1,306,054
<b>Net Position (Deficit) End of Year</b>	<b>\$ 21,633,877</b>	<b>\$ 17,455,004</b>	<b>\$ 23,366,792</b>	<b>\$ 1,735,438</b>

Change in Net Position of Enterprise Funds

Adjustment to reflect the consolidation of internal  
service fund activities related to enterprise funds.  
Change in Net Position of Business Type Activities

See accompanying notes to the basic financial statements

**CITY OF LANCASTER, OHIO**

<u>Storm Water</u>	<u>Port Authority</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 2,942,846	\$ 7,730,377	\$ 47,615,834	\$ 8,469,459
13,485	600	803,246	55,995
<u>2,956,331</u>	<u>7,730,977</u>	<u>48,419,080</u>	<u>8,525,454</u>
307,882	0	7,325,104	1,548,602
1,383,047	2,163,353	9,145,394	380,397
0	3,656,370	14,469,563	0
9,201	0	3,021,074	220,485
229,309	17,757	6,173,836	84,470
<u>0</u>	<u>0</u>	<u>0</u>	<u>6,462,009</u>
<u>1,929,439</u>	<u>5,837,480</u>	<u>40,134,971</u>	<u>8,695,963</u>
1,026,892	1,893,497	8,284,109	(170,509)
0	1,988	(11,883)	0
(32,455)	(12,827,365)	(15,994,667)	(7,692)
0	0	(3,217)	(940)
164,275	45,186	209,948	0
<u>0</u>	<u>17,139</u>	<u>17,139</u>	<u>0</u>
<u>131,820</u>	<u>(12,763,052)</u>	<u>(15,782,680)</u>	<u>(8,632)</u>
1,158,712	(10,869,555)	(7,498,571)	(179,141)
18,544	0	106,395	0
0	0	0	178,688
1,177,256	(10,869,555)	(7,392,176)	(453)
<u>13,963,082</u>	<u>(66,182,533)</u>	<u>9,671,537</u>	<u>4,021,321</u>
<u>\$ 15,140,338</u>	<u>\$ (77,052,088)</u>	<u>\$ 2,279,361</u>	<u>\$ 4,020,868</u>
		\$ (7,392,176)	
		<u>78,547</u>	
		<u>\$ (7,313,629)</u>	

**CITY OF LANCASTER, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2013**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$14,259,190	\$7,981,663	\$10,854,356	\$3,646,976
Cash Received from Swap Providers	0	0	0	0
Cash Received from Interfund Services	0	0	0	0
Cash Payments for Goods and Services	(12,336,124)	(2,586,290)	(2,236,164)	(1,676,173)
Cash Payments to and on behalf of Employees	(815,211)	(3,016,860)	(1,774,714)	(1,408,488)
Cash Payments for Claims	0	0	0	0
Other Miscellaneous Cash Receipts	0	0	0	0
Customer Deposits Received	109,782	20,302	20,302	0
Customer Deposits Returned	(103,981)	(19,229)	(19,229)	0
Net Cash Provided by Operating Activities	1,113,656	2,379,586	6,844,551	562,315
<u>Cash Flows from Noncapital Financing Activities:</u>				
Intergovernmental Grants Received	0	487	0	0
Principal Paid on Revenue Bond Payable	0	0	0	0
Principal Paid on Ohio Water Development Authority Loans	0	0	0	(230,685)
Interest Paid on Debt	0	0	0	(58,656)
Transfers In from Other Funds	0	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	487	0	(289,341)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Proceeds from Ohio Water Development Authority Loans	0	0	506,596	0
Proceeds from General Obligation Notes	0	0	0	0
Acquisition and Construction of Assets	(1,510,363)	(168,384)	(940,882)	(7,300)
Principal Paid on Installment Loan	0	0	0	0
Principal Paid on General Obligation Notes	0	0	0	0
Capital Lease Payments	0	(6,487)	0	0
Principal Paid on Revenue Bonds Payable	0	(280,000)	(760,000)	0
Principal Paid on Ohio Water Development Authority Loans	0	(1,315,007)	(3,260,489)	0
Interest Paid on All Debt	0	(877,471)	(2,290,471)	0
Net Cash Used by Capital and Related Financing Activities	(1,510,363)	(2,647,349)	(6,745,246)	(7,300)
<u>Cash Flows from Investing Activities:</u>				
Proceeds of Land Held for Resale	0	0	0	0
Sale of Investments	92,437	56,927	0	0
Purchase of Investments	0	0	(898,148)	(308,973)
Receipt of Investment Earnings	0	28,237	85,755	0
Net Cash Provided (Used) for Investing Activities	92,437	85,164	(812,393)	(308,973)
Net Increase (Decrease) in Cash and Cash Equivalents	(304,270)	(182,112)	(713,088)	(43,299)
Cash and Cash Equivalents at Beginning of Year	1,282,153	1,293,184	4,066,180	355,330
Cash and Cash Equivalents at End of Year	\$977,883	\$1,111,072	\$3,353,092	\$312,031
<u>Reconciliation of Cash and</u>				
<u>Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$876,089	\$531,768	\$1,426,538	\$312,031
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Restricted Cash and Cash Equivalents	101,794	579,304	1,926,554	0
Cash and Cash Equivalents at End of Year	\$977,883	\$1,111,072	\$3,353,092	\$312,031

**CITY OF LANCASTER, OHIO**

Storm Water	Port Authority	Totals	Internal Service Funds
\$2,934,251	\$7,719,176	\$47,395,612	\$0
0	10,985,215	10,985,215	0
0	0	0	8,525,454
(1,396,117)	(2,163,353)	(22,394,221)	(610,324)
(280,341)	0	(7,295,614)	(1,547,435)
0	0	0	(6,146,865)
0	225	225	0
0	0	150,386	0
0	0	(142,439)	0
<u>1,257,793</u>	<u>16,541,263</u>	<u>28,699,164</u>	<u>220,830</u>
164,275	45,186	209,948	0
0	(3,560,000)	(3,560,000)	0
0	0	(230,685)	0
0	(12,847,692)	(12,906,348)	0
0	0	0	178,688
<u>164,275</u>	<u>(16,362,506)</u>	<u>(16,487,085)</u>	<u>178,688</u>
0	0	506,596	0
1,411,000	0	1,411,000	0
(1,466,260)	0	(4,093,189)	(480,959)
0	0	0	(56,715)
(1,681,000)	0	(1,681,000)	0
(56,230)	0	(62,717)	(2,834)
0	0	(1,040,000)	0
0	0	(4,575,496)	0
(36,382)	0	(3,204,324)	(7,773)
<u>(1,828,872)</u>	<u>0</u>	<u>(12,739,130)</u>	<u>(548,281)</u>
0	104,814	104,814	0
300,826	0	450,190	0
0	0	(1,207,121)	0
0	1,988	115,980	0
<u>300,826</u>	<u>106,802</u>	<u>(536,137)</u>	<u>0</u>
(105,978)	285,559	(1,063,188)	(148,763)
302,409	7,848,242	15,147,498	4,667,250
<u>\$196,431</u>	<u>\$8,133,801</u>	<u>\$14,084,310</u>	<u>\$4,518,487</u>
\$196,431	\$776,192	\$4,119,049	\$1,027,902
0	0	0	3,490,585
0	7,357,609	9,965,261	0
<u>\$196,431</u>	<u>\$8,133,801</u>	<u>\$14,084,310</u>	<u>\$4,518,487</u>

(Continued)

**CITY OF LANCASTER, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2013**

	Business-Type Activities			
	Enterprise Funds			
	Gas	Water	Water Pollution	Sanitation
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>				
<u>Provided by Operating Activities:</u>				
Operating Income (Loss)	\$609,392	\$560,652	\$3,711,787	\$481,889
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	590,504	1,877,544	3,316,503	142,219
Miscellaneous Nonoperating Revenue	0	0	0	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(862,552)	89,924	(228,043)	11,084
Decrease in Due to Other Funds	0	0	0	0
(Increase) Decrease in Inventory	297,160	(84,534)	8,585	4,313
(Increase) Decrease in Prepaid Items	(3,370)	(849)	(788)	(25)
Decrease in Prepaid Gas Supply	0	0	0	0
Increase (Decrease) in Accounts Payable	490,271	(86,675)	33,256	109
Increase in Accrued Wages and Benefits	5,645	4,041	6,540	96
Increase in Due to Other Funds	11,201	0	0	0
Increase in Intergovernmental Payable	0	0	0	429
Increase in Customer Deposits	5,801	1,073	1,073	0
Decrease in Unearned Revenue	0	0	0	0
Decrease in Landfill Postclosure Care Liability	0	0	0	(79,165)
Increase (Decrease) in Compensated Absences	(30,396)	18,410	(4,362)	1,366
Increase in Claims Payable	0	0	0	0
Total Adjustments	504,264	1,818,934	3,132,764	80,426
Net Cash Provided by Operating Activities	\$1,113,656	\$2,379,586	\$6,844,551	\$562,315

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2013, the Water Pollution, Storm Water, and Information Services Funds had outstanding liabilities of \$56,336, \$5,620, and \$67,609 respectively for certain capital assets.

During 2013, the Water Fund entered into capital lease obligation for \$20,242.

During 2013 the Water, Water Pollution, and Storm Water Funds received capital contributions from developers of \$66,403, \$21,448, and \$18,554, respectively.

See accompanying notes to the basic financial statements



**CITY OF LANCASTER, OHIO**

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Storm Water	Port Authority	Totals	Internal Service Funds
\$1,026,892	\$1,893,497	\$8,284,109	(\$170,509)
229,309	17,757	6,173,836	84,470
0	225	225	0
(22,080)	0	(1,011,667)	0
0	(11,201)	(11,201)	0
0	0	225,524	10,792
(95)	0	(5,127)	35
0	14,641,585	14,641,585	0
(3,774)	0	433,187	(20,204)
1,767	0	18,089	2,643
0	0	11,201	0
0	0	429	0
0	0	7,947	0
0	(600)	(600)	
0	0	(79,165)	0
25,774	0	10,792	(1,541)
0	0	0	315,144
230,901	14,647,766	20,415,055	391,339
\$1,257,793	\$16,541,263	\$28,699,164	\$220,830

**CITY OF LANCASTER, OHIO**

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**Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2013**

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 186,543
Due from Other Funds	<u>4,505</u>
<b>Total Assets</b>	<u><u>\$ 191,048</u></u>
<b>Liabilities:</b>	
Due to Other Funds	\$ 4,505
Intergovernmental Payable	4,505
Due to Others	<u>182,038</u>
<b>Total Liabilities</b>	<u><u>\$ 191,048</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Lancaster, Ohio (the "City") was incorporated in 1831 under the laws of the State of Ohio. The Citizens elect Council members (six wards, three at large and a president) who serve two year terms, and the Mayor, City Auditor, City Solicitor and City Treasurer who all serve four year terms. In addition, two municipal court judges are elected to serve six year terms.

The financial statements are presented as of December 31, 2013 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

The City's financial reporting entity includes a blended component unit, the Lancaster Port Authority, as well as, all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, cemetery department, planning, zoning, street maintenance, basic utility (water, sewer, electric, gas, and refuse) and other governmental services. The Port Authority, although a legally separate entity, provides services almost entirely to the City by financing the purchase of gas supply for the Gas Fund. The Executive Director of the Port Authority also serves as the General Manager to the Lancaster Municipal Gas Department. In addition, the City Treasurer voluntarily serves as the Treasurer to the Port Authority. Separately issued financial statements can be obtained from Lancaster Port Authority, 104 East Main Street, Lancaster, OH 43130.

The City participates in several Jointly Governed Organizations and an Insurance Pool that are further described in Notes 20 and 21.

**B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. The following fund types are used by the City:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

***Governmental Funds***

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

.45 Police and Fire Levy Fund - This fund is used to account for a .45% voted income tax levy to be used for the operations of the Police and Fire Departments.

Capital Improvement Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

***Proprietary Funds***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Gas Fund - This fund is used to account for the operation of the City's gas service.

Water Fund - This fund is used to account for the operation of the City's water service.

Water Pollution Fund - This fund is used to account for the operation of the City's sanitary sewer service.

Sanitation Fund - This fund is used to account for the operation of the City's solid waste collection and disposal service.

Storm Water Fund - This fund is used to account for the operation of the City's storm water drainage service.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting (Continued)**

Port Authority Fund – This fund is used to account for the operation of the City’s economic development.

Internal Service Funds - These funds are used to account for the utilities billing services, information services, and health insurance services provided to other departments or agencies of the governmental unit on a cost-reimbursement basis.

***Fiduciary Funds***

Agency Funds - These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The agency funds account for deposits held from individuals who intend to excavate portions of the streets or sidewalks, municipal court collections that are distributed to the state and various local governments, and fee collections to be distributed to the law library. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**C. Basis of Presentation – Financial Statements**

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements (Continued)**

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting** (Continued)

Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

The accrual basis of accounting is utilized for reporting purposes for the government-wide, the proprietary fund and the fiduciary fund financial statements. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds and the Drug Enforcement Fund (special revenue fund) are legally required to be budgeted and appropriated; however, only the general fund and major special revenue funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may be made only by ordinance of the City Council. More detailed appropriation allocations may be made by the City Auditor as long as the allocations are within Council's appropriated amount.

1. **Tax Budget**

The Mayor submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process** (Continued)

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2013.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level (the legal level of control). The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. During 2013, several supplemental appropriations were legally enacted by Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The amounts reported as the original budget amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The budgetary figures which appear on the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual" are presented on a budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the general fund and major special revenue fund:

	Net Change in Fund Balance	
	General Fund	.45 Police and Fire Levy Fund
GAAP Basis (as reported)	\$1,300,370	(\$540,425)
Increase (Decrease):		
Accrued Revenues at December 31, 2013 received during 2014	(2,360,964)	(443,184)
Accrued Revenues at December 31, 2012 received during 2013	3,570,821	0
Accrued Expenditures at December 31, 2013 paid during 2014	798,774	983,609
Accrued Expenditures at December 31, 2012 paid during 2013	(1,812,936)	0
2012 Prepays for 2013	45,028	0
2013 Prepays for 2014	(47,637)	0
Adjustment to Fair Value	170,594	0
Outstanding Encumbrances	(289,543)	0
Budget Basis	<u>\$1,374,507</u>	<u>\$0</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Asset Reserve (STAR Ohio) and certificates of deposit with original maturity dates of three months or less. See Note 4, "Cash, Cash Equivalents and Investments."

The City pools its cash, except for that held by fiscal and escrow agents and fiduciary fund cash and investments, for maximum investing efficiency. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices.

The City has invested funds in STAR Ohio during 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2013. See Note 4, "Cash, Cash Equivalents and Investments."

**H. Derivative Instruments**

The City's derivative financial instruments are accounted for in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. In connection with this Statement, the fair value of the City's derivative financial instruments is recorded on the Statement of Net position, with an offsetting deferred asset or liability. At December 31, 2013, the fair value and negative fair value of the City's derivative instruments are offset by a deferred credit and debit, respectively.

Derivative instruments are utilized by the City to manage market risk and reduce its exposure resulting from fluctuations in prices of natural gas in order to meet debt service requirements. These instruments include commodity swap agreements which convert index-priced natural gas revenues to fixed prices for servicing outstanding debt obligations and interest rate swap agreements which effectively convert the City's variable interest rate to a fixed rate. Interest expense in each operating period includes the netting adjustments of the interest rate swap agreements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Inventory**

Inventory is stated at cost in the governmental funds and at the lower of cost or market in the proprietary funds and on a government wide basis using the first-in, first-out (FIFO) method. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Prepaid Gas Supply**

The City prepaid for deliveries of natural gas supplies with the proceeds from revenue bonds. Prepaid gas supplies are stated at the present value of the remaining fixed delivery amounts, as determined by the prepay contract. Swap agreements are used to convert the variable index prices to fixed prices sufficient to meet debt service requirements.

**L. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$2,500 and more than \$1,000 for the Port Authority.

**1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements.

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, construction in progress, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Capital Assets and Depreciation** (Continued)

**2. Property, Plant and Equipment – Business Type Activities**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

**3. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	40
Improvements other than Buildings	20-25
Infrastructure	10-100
Machinery and Equipment, Vehicles	3 - 10

This space intentionally left blank.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds Payable	General Bond Retirement Fund
Revenue Bonds Payable	Water Fund, Water Pollution Fund, Port Authority Fund
Ohio Water Development Authority Loans	Street, Construction, Maintenance and Repair Fund, Water Fund, Water Pollution Fund Sanitation Fund
Ohio Public Works Commission Loan	General Bond Retirement Fund
Ohio Rail Development Commission Loan	Port Authority Fund
Special Assessment Bond Payable	Special Assessment Retirement Fund
State Infrastructure Bank Loan	General Fund, General Bond Retirement Fund
Installment Loan	General Fund, Street, Construction, Maintenance and Repair Fund, Capital Improvement Fund, Fire Impact-District One Fund, Information Services Fund
Capital Leases	General Fund, Cemetery Fund, Street Construction, Maintenance and Repair Fund, Parks and Recreation Fund, Water Fund, Storm Water Fund, Utilities Collection Fund
Housing and Urban Development Loan	Community Development Block Grant Fund
Compensated Absences	General Fund, Cemetery Fund Street Construction, Maintenance and Repair Fund Parks and Recreation Fund Lancaster Community Development Fund Gas Fund, Water Fund, Water Pollution Fund Sanitation Fund, Storm Water Fund, Utilities Collection Fund, Information Services Fund

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Compensated Absences**

City employees earn vacation at varying rates based upon length of service. Vacation leave is accrued on January 1 of every year regardless of employee's anniversary date. One week of vacation time can be carried over with the department superintendent's permission. Upon separation from the City, the employee (or his estate) is paid for accumulated unused vacation leave balance.

Sick leave is accrued by all employees at the rate of 4.615 hours every two weeks for a total of fifteen days of sick leave accrued per year. Sick leave may be accumulated without limit. Upon separation from the City, employees are paid a prorated amount of accumulated sick leave based on years of service up to a maximum of 960 hours. Employees with over 960 hours receive an additional 25% of amounts over 960 hours. The prorata amount is determined in each negotiated work agreement with the City.

In accordance with GASB Statement No. 16, "*Accounting for Compensated Absences*," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered and it is probable that the City will compensate the employees for the benefits at termination or retirement. The City uses the vesting method for determining the liability for sick leave. Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For proprietary funds, the entire compensated absences amount is reported as a fund liability.

**O. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction of improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**P. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund services provided and used are not eliminated in the process of consolidation. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**R. Fund Balances**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

*Nonspendable* – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

*Restricted* – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance) it employed previously to commit those amounts.

*Assigned* – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**R. Fund Balances** (Continued)

*Unassigned* – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

**S. Restricted Assets**

Customer deposits, bond reserve accounts, landfill postclosure reserve accounts, and cash with fiscal agent are classified as restricted assets because these funds are being held for specified purposes.

**T. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for gas distribution, water treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**U. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables." The amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**V. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has two items that qualifies for reporting in this category. One is the deferred charge on refunding reported in the government-wide and proprietary statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other is the cumulative decrease from derivative instruments reported in the proprietary statement of net position.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**V. Deferred Outflows/Inflows of Resources (Continued)**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. On the proprietary statement of net position, the cumulative increase in the hedging derivative is reported as a deferred inflow. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**W. Contributions of Capital**

Contributions of capital on the governmental and business type activities and the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources for capital acquisition or construction.

**X. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Y. Special Items**

Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. During 2013, the City had no special items.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 2 – FUND BALANCE CLASSIFICATION**

Fund balance is classified as nonspendable, restricted, committed, assigned, and unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	.45 Police and Fire Levy Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Prepaid Items	\$47,637	\$0	\$0	\$12,662	\$60,299
Supplies Inventory	170,725	0	0	303,568	474,293
Endowment	0	0	0	1,001,740	1,001,740
Loans Receivable	0	0	0	1,701,090	1,701,090
Total Nonspendable	<u>218,362</u>	<u>0</u>	<u>0</u>	<u>3,019,060</u>	<u>3,237,422</u>
Restricted:					
Transportation Projects	0	0	0	1,740,983	1,740,983
Cemetery	0	0	0	454,519	454,519
Court Projects	0	0	0	2,486,924	2,486,924
Public Safety	0	0	0	1,505,291	1,505,291
Community Development	0	0	0	204,273	204,273
Debt Retirement	0	0	0	133,948	133,948
Total Restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,525,938</u>	<u>6,525,938</u>
Committed:					
Parks and Recreation	0	0	0	323,988	323,988
Capital Improvements	0	0	0	999,936	999,936
Total Committed	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,323,924</u>	<u>1,323,924</u>
Assigned:					
Projected budgetary deficit	1,181,252	0	0	0	1,181,252
Encumbrances	61,466	0	0	0	61,466
Total Assigned	<u>1,242,718</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,242,718</u>
Unassigned:	<u>5,251,121</u>	<u>(540,425)</u>	<u>(366,169)</u>	<u>(1,749,892)</u>	<u>2,594,635</u>
Total Fund Balances	<u>\$6,712,201</u>	<u>(\$540,425)</u>	<u>(\$366,169)</u>	<u>\$9,119,030</u>	<u>\$14,924,637</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

The fund deficits at December 31, 2013 of \$366,169 and \$1,749,892 in the Capital Improvement Fund and the Ety Road TIF Project Fund (capital projects funds) are the result of recording interfund loans payable and notes payable amounts in the individual fund balance sheets. The fund deficit of \$540,425 in the .45 Police and Fire Levy Fund (special revenue fund) arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on a budgetary basis. The accumulated deficit of \$77,052,088 in the Port Authority Fund (enterprise fund) is the result of recording the prepaid gas supply at the present value of the future shipments and the related bonds payable at outstanding par value. At the end of the contract period, the net result will be zero. The General Fund provides transfers, upon City Council's approval when cash is required not when accruals occur.

**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds. The City has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Auditor and Treasurer to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- Time certificates of deposits or savings or deposit accounts, including, but not limited to, passbook account;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- The State Treasury Asset Reserve of Ohio (STAR Ohio).
- Securities lending agreements in which the City lends securities and the eligible institution agrees to simultaneously exchange similar securities or cash, equal value for equal value;
- Commercial paper notes, corporate notes and banker's acceptances; and,
- Debt interest rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$32,815,911 and the bank balance was \$33,566,324. Federal depository insurance covered \$1,059,764 of the bank balance and \$32,506,560 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$32,506,560</u>
Total Balance	<u><u>\$32,506,560</u></u>

Investment earnings of \$111,823 earned by other funds was credited to the General Fund as required by state statute.

**CITY OF LANCASTER, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**B. Investments**

The City's investments at December 31, 2013 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)			
			less than 1	1-3	3-5	more than 5
STAR Ohio	\$56,240	AAAm <sup>1</sup>	\$56,240	\$0	\$0	\$0
City of Lancaster Bond Payable	191,000	AAA <sup>1</sup>	20,000	43,000	47,500	80,500
Negotiable CD's <sup>a</sup>	7,376,624	AAA <sup>3</sup>	1,932,264	3,945,033	1,499,327	0
FNMA <sup>b</sup>	4,491,750	AA+ <sup>1</sup> , Aaa <sup>2</sup>	0	2,501,282	1,990,468	0
FNMA Notes <sup>b</sup>	2,970,230	AA+ <sup>1</sup> , Aaa <sup>2</sup>	0	0	2,970,230	0
FHLB <sup>b</sup>	5,284,250	AA+ <sup>1</sup> , Aaa <sup>2</sup>	0	0	5,284,250	0
FFCB <sup>b</sup>	4,738,405	AA+ <sup>1</sup> , Aaa <sup>2</sup>	0	1,495,290	3,243,115	0
FHLMC <sup>b</sup>	3,745,085	AA+ <sup>1</sup> , Aaa <sup>2</sup>	0	1,000,760	2,744,325	0
Total Investments	<u>\$28,853,584</u>		<u>\$2,008,504</u>	<u>\$8,985,365</u>	<u>\$17,779,215</u>	<u>\$80,500</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

<sup>3</sup> All are fully FDIC insured and therefore have an implied AAA credit rating

<sup>a</sup> \$1,235,051 of these negotiable CD's are callable from January 2014 through December 2014.

<sup>b</sup> \$5,005,085 of these securities were called in 2014, the remaining securities are callable from January 2014 through June 2018.

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The City has no policy that limits investment purchases beyond the requirements of the Ohio Revised Code.

*Investment Credit Risk* – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 0.2% are in STAROhio, 0.7% are in municipal bonds, 25.6% are in negotiable CDs, 15.6% are FNMA, 10.3% are FNMA Notes, 18.3% are FHLB, 16.4% are FFCB, and 13.0% are FHLMC.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the City's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the City.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statements No. 3 and 40.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$25,633,664	\$36,035,831
Certificates of Deposit (with maturities of more than 3 months)	7,238,487	(7,238,487)
Investments:		
STAR Ohio	(56,240)	56,240
Per GASB Statements No. 3 and 40	<u>\$32,815,911</u>	<u>\$28,853,584</u>

\* Includes Cash with Fiscal Agent

**NOTE 5 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 2013. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Lancaster. The County Auditor periodically remits to the City its portion of the taxes collected.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 5 - TAXES (Continued)**

**A. Property Taxes (Continued)**

The full tax rate for the City's operations for the year ended December 31, 2013 was \$3.40 per \$1,000 of assessed value. The assessed value upon which the 2013 property tax receipts were based was \$727,831,260. This amount constitutes \$708,360,850 in real property assessed value and \$19,470,410 in public utility property. Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .34% (3.40 mills) of assessed value.

**B. Income Tax**

The City levies a tax of 1.75%, .75% of which is voter approved, on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. The City allows a credit of 100% of the first 1.0% unvoted tax paid to another municipality to a maximum of the total amount assessed.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2013 consisted of taxes, accounts, special assessments, interest, loans and intergovernmental receivables arising from shared revenues. These amounts are shown separately on the face of the financial statements with the exception of property and income taxes receivable in the amount of 4,733,097 and 3,810,992 respectively. Delinquents are included in the amounts presented.



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 7 – INTERFUND ACCOUNTS**

Interfund balances at December 31, 2013 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Enterprise Fund:		
Gas	\$0	\$627,769
Port Authority	627,769	0
Total Enterprise Funds	<u>627,769</u>	<u>627,769</u>
Agency Funds:		
Municipal Court	0	4,505
Law Library	4,505	0
Total Agency Funds	<u>4,505</u>	<u>4,505</u>
Totals	<u>\$632,274</u>	<u>\$632,274</u>
	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$877,100	\$0
Capital Improvement Fund	0	877,100
Totals	<u>\$877,100</u>	<u>\$877,100</u>

The Due to Other Funds is a payment for gas purchases to the Port Authority. The Interfund Loan consists of short-term notes issued at 3% to other funds to acquire capital purchases. The City expects to repay all interfund balances within the next year.

**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2013:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$942,551
Capital Improvement Fund	40,000	1,036,336
Nonmajor Governmental Funds	1,995,399	235,200
Internal Service Funds	178,688	0
Total Transfers	<u>\$2,214,087</u>	<u>\$2,214,087</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2013:  
*Historical Cost:*

Class	December 31, 2012	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$17,962,047	\$93,251	\$0	\$18,055,298
Construction in Progress	1,831,328	3,702,863	(1,673,157)	3,861,034
Subtotal	19,793,375	3,796,114	(1,673,157)	21,916,332
<i>Capital assets being depreciated:</i>				
Buildings	7,661,724	112,928	0	7,774,652
Improvements Other than Buildings	5,691,141	2,045,880	(38,506)	7,698,515
Machinery and Equipment	4,312,700	732,733	(412,150)	4,633,283
Vehicles	5,909,118	907,735	(798,220)	6,018,633
Infrastructure	21,132,163	175,295	0	21,307,458
Subtotal	44,706,846	3,974,571	(1,248,876)	47,432,541
Total Cost	\$64,500,221	\$7,770,685	(\$2,922,033)	\$69,348,873
<i>Accumulated Depreciation:</i>				
Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings	(\$3,519,436)	(\$176,826)	\$0	(\$3,696,262)
Improvements Other than Buildings	(3,996,183)	(231,478)	37,310	(4,190,351)
Machinery and Equipment	(3,531,486)	(251,031)	390,423	(3,392,094)
Vehicles	(4,294,118)	(564,306)	798,220	(4,060,204)
Infrastructure	(10,861,511)	(649,551)	0	(11,511,062)
Total Depreciation	(\$26,202,734)	(\$1,873,192) *	\$1,225,953	(\$26,849,973)
<i>Net Value:</i>	\$38,297,487			\$42,498,900

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	(\$426,492)
Leisure Time Activities	(201,532)
Community Environment	(3,276)
Public Health & Welfare	(15,566)
Transportation	(980,267)
General Government	(177,147)
Internal Service Fund Capital Assets	(68,912)
Total Depreciation Expense	(\$1,873,192)

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 9 – CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2013:

*Historical Cost:*

Class	December 31, 2012	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>				
Land	\$3,476,307	\$0	\$0	\$3,476,307
Construction in Progress	1,393,699	888,795	(1,156,935)	1,125,559
Subtotal	4,870,006	888,795	(1,156,935)	4,601,866
<i>Capital assets being depreciated:</i>				
Buildings	80,989,674	24,425	0	81,014,099
Improvements	34,410,903	472,149	0	34,883,052
Machinery and Equipment	10,514,923	166,773	(36,934)	10,644,762
Vehicles	4,876,000	190,450	(98,091)	4,968,359
Infrastructure	79,565,490	3,157,145	0	82,722,635
Subtotal	210,356,990	4,010,942	(135,025)	214,232,907
Total Cost	\$215,226,996	\$4,899,737	(\$1,291,960)	\$218,834,773

*Accumulated Depreciation:*

Class	December 31, 2012	Additions	Deletions	December 31, 2013
Buildings	(\$14,686,443)	(\$1,953,774)	\$0	(\$16,640,217)
Improvements	(26,377,250)	(1,157,402)	0	(27,534,652)
Machinery and Equipment	(8,997,303)	(362,248)	33,717	(9,325,834)
Vehicles	(3,974,871)	(392,246)	98,091	(4,269,026)
Infrastructure	(34,037,921)	(2,323,724)	0	(36,361,645)
Total Depreciation	(\$88,073,788)	(\$6,189,394)	\$131,808	(\$94,131,374)
<i>Net Value:</i>	\$127,153,208			\$124,703,399

Internal service funds serve both governmental and business-type funds. Accordingly, capital assets for them are included as part of the above totals for governmental and business-type funds. At year-end, \$837,670 and \$68,653 of internal service funds capital assets, net of depreciation are included in the respective above amounts. Also, \$68,912 and \$15,558 of depreciation expense for internal service fund are included in the respective above amounts.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (“OPERS”)**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, *“Accounting for Pensions by State and Local Government Employers.”*

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2013, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2013 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 13.0% for calendar year 2013. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2013, 2012, and 2011 were \$1,706,589, \$1,344,271 and \$1,309,949, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2013 were \$41,727 made by the City and \$29,805 made by the plan members.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, by calling (614) 228-2975, or by visiting [www.op-f.org](http://www.op-f.org).

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions used to fund pension obligations from January 1, 2013 through May 31, 2013 was 14.81% for police officers and 19.31% for firefighters. The portion of employer contributions used to fund pension obligations from June 1, 2013 through December 31, 2013 was 16.65% for police officers and 21.15% for firefighters. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2013, 2012, and 2011 were \$639,326, \$560,767 and \$539,625 for police officers and \$882,076, \$809,093 and \$849,736 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% for calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2013, 2012, and 2011 were \$131,276, \$537,708 and \$523,980, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at [www.op-f.org](http://www.op-f.org).

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2013, the portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013 for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”) (Continued)**

The City's contributions for health care to the OP&F for the years ending December 31, 2013, 2012, and 2011 were \$103,993, \$296,877 and \$285,684 for police and \$148,740, \$316,602 and \$332,506 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 12 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City is retiring its notes by the issuance of one year renewal notes with a portion of the principal being retired in accordance with the above provisions.

	Maturity Date	Balance January 1, 2013	Additions	(Reductions)	Balance December 31, 2013
Capital Projects Notes Payable:					
2.25% Ety Road TIF	10/11/2013	\$218,900	\$0	(\$218,900)	\$0
2.25% Ety Road TIF	10/10/2014	0	212,879	0	212,879
2.25% Street Improvement 2012	12/31/2013	1,105,411	0	(1,105,411)	0
2.25% Street Improvement 2013	12/31/2014	0	1,130,283	0	1,130,283
2.25% Island Capital Note 2012	12/31/2012	342,872	0	(342,872)	0
2.50% Island Capital Note 2013	12/31/2014	0	350,587	0	350,587
Total Capital Projects Notes Payable		<u>\$1,667,183</u>	<u>\$1,693,749</u>	<u>(\$1,667,183)</u>	<u>\$1,693,749</u>
Enterprise Funds Notes Payable:					
1.38% Storm Water Improvement	4/9/2013	\$1,681,000	\$0	(\$1,681,000)	\$0
1.25% Storm Water Improvement	4/9/2013	0	1,411,000	0	1,411,000
Total Enterprise Notes Payable		<u>\$1,681,000</u>	<u>\$1,411,000</u>	<u>(\$1,681,000)</u>	<u>\$1,411,000</u>



**CITY OF LANCASTER, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 201 were as follows:

	December 31, 2012	Additions	(Reductions)	Balance December 31, 2013	Due Within One Year
<b>Business-Type Activities:</b>					
Ohio Water Development Authority Loans (OWDA):					
2003 2.00%	\$145,414	\$0	(\$5,979)	\$139,435	\$6,099
2001 4.14%	3,284,611	0	(271,267)	3,013,344	282,614
2001 3.90%	12,970,731	0	(1,037,761)	11,932,970	1,082,707
1989 8.48%	1,290,694	0	(848,871)	441,823	441,823
1990 7.74%	26,083	0	(17,173)	8,910	8,910
1993 2.94%	2,965,192	0	(816,521)	2,148,671	840,703
1996 3.16%	1,572,064	0	(295,012)	1,277,052	304,409
2009 3.27%	32,648,436	506,596	(1,282,912)	31,872,120	1,325,221
1997 3.98%	1,530,880	0	(230,685)	1,300,195	239,957
Total Ohio Water Development Authority Loans	<u>56,434,105</u>	<u>506,596</u>	<u>(4,806,181)</u>	<u>52,134,520</u>	<u>4,532,443</u>
Revenue Bonds Payable:					
2004 2-4.75%	520,000	0	(255,000)	265,000	265,000
	10,220	0	(5,110)	5,110	0
2012 2-3.5%	5,795,000	0	(25,000)	5,770,000	25,000
	332,901	0	(19,582)	313,319	0
2004 2-4.75%	325,000	0	(160,000)	165,000	165,000
2008 3-4.375%	19,015,000	0	(585,000)	18,430,000	605,000
2012 2-3.5%	3,680,000	0	(15,000)	3,665,000	15,000
	203,758	0	(14,086)	189,672	0
2008 variable	331,460,000	0	(3,560,000)	327,900,000	4,045,000
Total Revenue Bonds Payable	<u>361,341,879</u>	<u>0</u>	<u>(4,638,778)</u>	<u>356,703,101</u>	<u>5,120,000</u>
Landfill Postclosure Care Liability	1,350,508	0	(79,165)	1,271,343	78,600
Capital Leases	325,974	20,242	(65,551)	280,665	63,456
Compensated Absences	2,043,706	568,299	(572,034)	2,039,971	136,873
Total Business-Type Long-Term Debt	<u>\$421,496,172</u>	<u>\$1,095,137</u>	<u>(\$10,161,709)</u>	<u>\$412,429,600</u>	<u>\$9,931,372</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

	Balance December 31, 2012	Additions	(Reductions)	Balance December 31, 2013	Due Within One Year
<b>Governmental Activities Long-Term Debt:</b>					
2005 3-4.375% General Obligation Bond Payable	\$2,810,000	\$0	(\$190,000)	\$2,620,000	\$195,000
2010 2-3.125% General Obligation Bond Payable - Ety Road TIF	2,025,000	0	(285,000)	1,740,000	290,000
Total General Obligation Bonds Payable	<u>4,835,000</u>	<u>0</u>	<u>(475,000)</u>	<u>4,360,000</u>	<u>485,000</u>
2001 5.00% Special Assessment Bond Payable with Governmental Commitment	210,000	0	(19,000)	191,000	20,000
2008 2.84-4.4% Housing and Urban Development Loan Payable	400,000	0	(90,000)	310,000	90,000
2000 0.00% Ohio Public Works Commission Loan Payable	54,775	0	(9,129)	45,646	6,086
2007 3.00% State Infrastructure Bank Loan	464,867	0	(150,365)	314,502	154,910
2010 3.25% Ohio Water Development Authority Loan	376,754	0	(15,031)	361,723	15,635
Installment Loans Payable:					
2011 3.30% Fire Medic	142,771	0	(39,137)	103,634	40,439
2012 2.75% Fire Medic #2	227,000	0	(42,914)	184,086	44,123
2012 3.25% Fire Engine	447,337	0	(57,793)	389,544	59,720
2012 2.75% Street Equipment	375,000	0	(70,894)	304,106	72,891
2012 2.75% Narrow Banding Project	300,000	0	(56,715)	243,285	58,313
2013 3.30% Fire Aerial Truck Platform	0	470,575	0	470,575	41,238
Total Installment Loans Payable	<u>1,492,108</u>	<u>470,575</u>	<u>(267,453)</u>	<u>1,695,230</u>	<u>316,724</u>
Compensated Absences	4,487,822	1,534,712	(1,400,497)	4,622,037	311,340
Capital Leases	184,820	20,751	(91,357)	114,214	87,014
Pollution Remediation Obligation	1,969,830	0	(604,521)	1,365,309	1,365,309
Total Governmental Activities	<u>\$14,475,976</u>	<u>\$2,026,038</u>	<u>(\$3,122,353)</u>	<u>\$13,379,661</u>	<u>\$2,852,018</u>

Internal service funds serve both governmental and business-type funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-type funds. At year-end, \$124,620 and \$212,542 of internal service funds compensated absences are included in the respective above amounts. Also, \$243,285 of an internal service fund installment loan is recorded in governmental activities and \$1,006 of an internal service fund capital lease is recorded in the business-type activities amount.

A special assessment general obligation bond is used to finance central business district street improvements. Debt service is financed by assessments to affected property owners. However, the City is ultimately responsible for the debt service if the assessments are not collected. There were no delinquent special assessments at year end.

In 1999, the City began a downtown revitalization project that was financed by several sources including a Housing and Development Authority Loan in the amount of \$1,570,000, and an Ohio Public Works Commission Loan for \$120,721. Both are being repaid from the General Bond Retirement Fund.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Gas Supply Revenue Bonds, Series 2008**

In March, 2008, the Port Authority issued \$348,750,000 of gas supply revenue bonds to fund the prepayment of 64,655,785 Mmbtus of gas from Royal Bank of Canada with deliveries beginning April 2008 and ending March 2038. The revenue bonds are secured by a pledge of the gas supply revenues derived from the related prepay transaction.

The Port Authority entered into an interest rate swap with Royal Bank of Canada in connection with the Series 2008, Gas Supply Revenue Bonds. Under the swap agreement, the Port Authority pays a fixed amount and receives a variable payment computed at a rate equal to that of the bonds. The interest payments reflected in the table were calculated based on the interest rate swap agreement which converts this issue to an effective fixed rate of approximately 3.7%.

**B. Water and Wastewater Revenue Bonds**

The City has pledged future customer revenues, net of specified operating expenses, to repay Water Revenue Bonds, series 2004 and 2012. The 2004 bonds were originally issued to pay the cost of constructing two 2 million gallon storage tanks and various water lines. The 2012 bonds were issued to partially refund the 2004 bonds. The principal and interest remaining to be paid on these bonds is \$8,310,842. Principal and interest paid for the current year and total customer net revenues were \$416,144 and \$2,432,197, respectively.

The City has pledged future customer revenues, net of specified operating expenses, to repay Wastewater Revenue Bonds, series 2004, 2008 and 2012. The 2004 bonds were originally issued to pay the cost of acquiring land for a new wastewater treatment plant and installing various sewer lines. The 2012 bonds were issued to partially refund the 2004 bonds. The 2008 bonds were issued to pay the cost of constructing a new wastewater treatment plant. The principal and interest remaining to be paid on these bonds is \$33,842,925. Principal and interest paid for the current year and total customer net revenues were \$1,749,669 and \$7,018,858, respectively.

**C. Ohio Water Development Authority Loans**

In 1989 and 1990 the City entered into an agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$14,211,847 and \$206,522, respectively, for the Water Pollution Control Plant.

In 1993, the City entered into an agreement with the Ohio Water Development Authority (OWDA), as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$13,502,148. The proceeds were used for Water Pollution Control Plant Improvements.

In 1996, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$5,047,248. The proceeds were used for Water Pollution Control Plant Improvements.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**C. Ohio Water Development Authority Loans (Continued)**

In 1997, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive \$3,968,355. This loan is payable from sanitation charges for landfill closure and postclosure care costs and the proceeds were used to close the landfill.

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$5,464,939. This loan is payable from water charges and the proceeds were used for the water treatment plant.

In 2001, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$21,273,840. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.9%, per annum. This loan is payable from water charges and is received by the City in increments as the project is completed. As of December 31, 2013, the City had received \$21,091,478, from OWDA. The City began repaying the loan in semiannual payments beginning in 2003 based on a loan amount of \$21,273,840 to be paid through 2023. An estimate of future financing requirements has been made based on the loan balance of \$11,932,970 at December 31, 2013.

In 2002, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$199,091. The proceeds were used for the water treatment plant.

In 2009, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$34,397,930. The proceeds are being used to build the Upper Hocking Wastewater Treatment Plant. The amount is subject to change and has not been finalized. The interest rate on the loans is 3.27%, per annum. This loan is payable from water pollution charges and is received by the City in increments as the project is completed. As of December 31, 2013, the City had received \$34,396,999, from OWDA. Subsequent amounts will be received in future years. The City began repaying the loan in semiannual payments in 2012 based on a loan amount of \$34,397,930 to be paid through 2031. An estimate of future financing requirements has been made based on the loan balance of \$31,872,120 at December 31, 2013.

In 2010, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$398,675. The proceeds are being used to build a salt storage barn and wash bays.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**D. Future Long-Term Financing Requirements**

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2013 follows:

**Governmental Activities:**

Years	General Obligation Bond Payable		Special Assessment Bond Payable		OWDA Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$485,000	\$148,807	\$20,000	\$9,550	\$15,635	\$11,630
2015	495,000	137,144	21,000	8,550	16,147	11,118
2016	510,000	123,544	22,000	7,500	16,677	10,589
2017	530,000	108,499	23,000	6,400	17,223	10,042
2018	330,000	91,949	24,500	5,250	17,787	9,478
2019-2023	1,720,000	265,774	80,500	8,175	98,069	38,257
2024-2028	290,000	12,687	0	0	115,223	21,103
2029-2031	0	0	0	0	64,962	3,201
Totals	\$4,360,000	\$888,404	\$191,000	\$45,425	\$361,723	\$115,418

Years	HUD Loan		OPWC Loan		SIB Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$90,000	\$13,479	\$6,086	\$0	\$154,910	\$8,282
2015	90,000	9,753	6,086	0	159,592	3,600
2016	90,000	5,856	6,086	0	0	0
2017	40,000	1,824	6,086	0	0	0
2018	0	0	6,086	0	0	0
2019-2021	0	0	15,216	0	0	0
Totals	\$310,000	\$30,912	\$45,646	\$0	\$314,502	\$11,882

Years	Installment Loan	
	Principal	Interest
2014	\$316,725	\$48,050
2015	325,466	39,306
2016	313,558	29,450
2017	300,989	20,598
2018	114,100	13,247
2019-2023	324,392	25,067
Totals	\$1,695,230	\$175,718

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

**NOTE 13 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**D. Future Long-Term Financing Requirements (Continued)**

**Business-Type Activities:**

Years	OWDA Loans		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest
2014	\$4,532,443	\$1,797,566	\$5,120,000	\$13,262,765
2015	4,228,392	1,612,859	5,705,000	13,067,978
2016	3,927,245	1,465,136	6,320,000	12,857,317
2017	3,611,445	1,332,067	6,945,000	12,617,958
2018	3,397,576	1,203,559	7,410,000	12,346,298
2019-2023	15,894,267	4,193,285	47,380,000	56,968,014
2024-2028	9,828,204	1,999,628	69,955,000	46,128,433
2029-2033	6,714,948	388,967	94,965,000	30,602,301
2034-2038	0	0	112,395,000	10,495,698
Totals	<u>\$52,134,520</u>	<u>\$13,993,067</u>	<u>\$356,195,000</u>	<u>\$208,346,762</u>

**E. Defeased Debt**

In June 2012, the City defeased \$5,915,000 of Water Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$5,795,000 of Water Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$5,915,000 at December 31, 2013, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In June 2012, the City defeased \$3,665,000 of Wastewater Revenue Bonds dated September, 2004 (the "2004 Bonds") through the issuance of \$3,680,000 of Wastewater Revenue Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$3,665,000 at December 31, 2013, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 14 - CAPITALIZED LEASES**

Under capital leases the City leases nine copiers, two street sweepers, two dump trucks, an aerial platform, a mower, and a tractor. The cost of the improvements and equipment obtained under capital leases is included in the appropriate proprietary fund or Governmental Activities Capital Assets and the related liability is included in the appropriate proprietary fund or in the Governmental Activities Long-Term Liabilities. The original cost of the assets acquired under capital lease was \$907,207.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2013:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2014	\$92,439	\$71,000
2015	11,754	69,974
2016	7,440	69,974
2017	6,831	89,273
2018	4,998	0
Minimum Lease Payments	123,462	300,221
Less amount representing interest at the City's incremental borrowing rate of interest	(9,248)	(19,556)
Present value of minimum lease payments	<u>\$114,214</u>	<u>\$280,665</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 15 - DERIVATIVE INSTRUMENTS**

**A. Composition of Derivative Instruments**

The fair value balances and notional amounts of derivative instruments outstanding as of December 31, 2013, classified by type, are as follows:

	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u>
Positive Cash Flow Hedge:			
Pay-variable, receive fixed commodity swap	52,176,787 mmbtu	\$ 206,510,285	AA-/A-1+
Negative Cash Flow Hedge:			
Pay-fixed, receive variable interest rate swap	\$ 327,900,000	\$ (133,316,983)	A+/A-1

All fair values are classified as derivative instruments on the Statement of Net Position. The increase in fair values of these derivatives instruments was \$661,231 for 2013. As these commodity and interest rate swaps are considered hedging derivatives instruments, the change in fair value is reflected within deferred outflows and inflows on the Statement of Net Position. The positive and negative fair values of the commodity and interest rate swaps were not netted. The fair values of the commodity swaps are based on forward prices from established indexes for the applicable region and discounted using established interest rate indexes. The fair values of the interest rate swaps are based on the SIFMA index at year end and discounted using established interest rate indexes.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 15 - DERIVATIVE INSTRUMENTS (Continued)**

**B. Objective and Terms of Hedging Derivative Instruments**

The following table displays the objective and terms of the Port Authority hedging derivative instruments outstanding at December 31, 2013:

<u>Type</u>	<u>Objective</u>	<u>Maturity Date</u>	<u>Terms</u>
Pay-fixed receive variable interest rate swap	The Port Authority entered into an interest rate swap in connection with its Series 2008 Bonds, effective on or before the date of the initial issuance of such bonds, to correlate the fixed payments it receives under the related Commodity Swap with its variable rate debt service payment on these bonds.	2038	The interest rate swap extends to the date of the final maturity of these bonds and requires payments based on a notional amount equal to the scheduled outstanding principal amount of these bonds. Under the interest rate swap, the Port Authority pays the counterparty a fixed payment of 3.7%, on the notional amount and receives a variable payment equal to the rate actually borne by the Series 2008 Bonds, which is based upon the SIFMA index.
Pay-variable, receive fixed commodity swap	The Port Authority has entered into a fixed to floating commodity swap in connection with the natural gas prepay transaction. The purpose of the Commodity Swap is to correlate gas sales revenues the Port Authority receives based on floating natural gas indices to a fixed stream of payments necessary to make debt service payments on its Bonds.	2038	The commodity swap extends to the date of the final maturity of the related Natural Gas Supply Agreements. The commodity swap requires monthly payments based on a notional quantity of natural gas that corresponds to the volume of natural gas sold pursuant to the related Natural Gas Supply Agreements. Payments under the commodity swap are based on nationally published gas indices at the gas delivery points.

**C. Commodity Swap Risks**

**Termination Risk:** The Commodity Swaps terminate in the event of a “triggering event” under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or counterparty nonperformance, and in connection with other specified events. Under the Commodity Swaps no payment, in the amount of the fair value or otherwise, is to be made by the Swap Counterparty in connection with an early termination of such swap. However, if the Commodity Swaps are terminated as a result of the Port Authority’s default or as a result of the termination of the Prepaid Natural Gas Sales Agreements, the Port Authority would be obligated to pay a termination payment to the Swap Counterparty based on the net present value of the remaining notional quantities of gas during the remaining term multiplied by a fixed amount.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 15 - DERIVATIVE INSTRUMENTS (Continued)**

**C. Commodity Swap Risks (Continued)**

***Credit Risk:*** The Commodity Swaps are tied to related gas prepay transactions and terminate in the event such transactions terminate. Therefore, the only credit risk associated with the Commodity Swaps is for margins lost on future commodity deliveries associated with a termination of the related gas prepay transactions in the event of a counterparty's inability to perform in accordance with the terms of the related Commodity Swaps. Generally, the only amounts due upon termination of the Commodity Swap would be previously accrued but unpaid amounts. If the Swap Counterparty is rated below "A1" by Moody's Investors Service, Inc., the Swap Counterparty is permitted to post collateral or post an alternative security arrangement within twenty-five Local Business Days of such downgrade. The Swap Counterparty must provide the Port Authority adequate assurances of Swap Counterparty's ability to continue performing under all Transactions, which adequate assurances must be satisfactory to the Port Authority.

**D. Interest Rate Swap Risks**

***Termination Risk:*** The Interest Rate Swaps terminate in the event of a "triggering event" under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or counterparty nonperformance, and in connection with other specified events. Under the Interest Rate Swaps, no termination payment, in the amount of the fair value or otherwise, is to be made by either party in connection with an early termination of such swap.

***Credit risk:*** The Interest Rate Swaps terminate in the event of a "triggering event" under the related Prepaid Natural Gas Sales Agreements, in the event of the Port Authority or Swap Counterparty nonperformance, and in connection with other specified events. The only amounts due upon termination of the Interest Rate Swaps would be previously accrued but unpaid amounts. If the Swap Counterparty is rated below "A1" by Moody's Investors Service, Inc., the Swap Counterparty is permitted to post collateral or post an alternative security arrangement within twenty-five Local Business Days of such downgrade. The Swap Counterparty must provide the Port Authority adequate assurances of Swap Counterparty's ability to continue performing under all Transactions, which adequate assurances must be satisfactory to the Port Authority.

***Interest Rate Risk:*** Under the pay-fixed interest rate swap agreement, the Port Authority is required to pay an amount equal to the notional amount times the rate actually borne by the Series 2008 Bonds, and is to receive an amount equal to the SIFMA index. In the event the rate actually borne by the Series 2008 Bonds exceeds the rate paid by the Swap Counterparty, the Port Authority would be required to pay the Swap Counterparty an amount equal to the notational amount times the difference.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 16 - INSURANCE AND RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

Insurance for property holds a \$5,000 deductible, general liability holds a \$1,000 deductible. The City carries a \$25,000 deductible for both police and professional liability insurance. The City also has an umbrella policy with Mt. Hawley Insurance Company for claims in excess of \$1,000,000.

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The City pays unemployment claims to the State of Ohio as incurred.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The City contracts with the Industrial Advisors Bureau to review all accidents claimed through Workers' Compensation.

On January 1, 1998, the City established an internal service fund to provide group health, dental, and prescription drug benefits to employees and their eligible dependents through the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool (Note 21). SCOIC currently includes fourteen member school districts and governmental entities. The Liberty Union-Thurston Local School District serves as the fiscal agent for the consortium. Premiums are paid into an internal service fund by all funds having compensated employees based on an analysis of historical claims experience, the desired fund balances and the number of active participating employees. The monies paid into the Health Insurance Management Fund (internal service fund) are available to pay claims.

The agreement with SCOIC considers medical, surgical, and prescription drug programs to also be self insured programs. The City retains the risk for the first \$100,000 of a covered individual medical claim.

Claims are paid by the City to the SCOIC. SCOIC contracts with Employee Benefits Management Corporation for claims servicing. The City has shared risk pool coverage with Jefferson Health Plan for covered individual medical claims in excess of \$100,000 up to \$500,000 per employee per year. The City also has a stop loss coverage insurance policy, purchased through Jefferson Health Plan, for covered individual medical claims in excess of \$500,000 per employee per year. The City has no stop loss coverage for the dental claims.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013**

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**NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)**

The claims liability of \$651,557 reported at December 31, 2013 is based on an estimate provided by an actuary for medical and dental claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two years, including medical, surgical, prescription drug, and dental are as follows:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2012	\$658,237	\$5,851,196	(\$6,173,020)	\$336,413
2013	\$336,413	\$6,462,009	(\$6,146,865)	\$651,557

**NOTE 17 - CONSTRUCTION COMMITMENTS**

As of December 31, 2013, the City had the following commitments with respect to capital improvements:

Capital Projects	Remaining Construction Commitment
Wastewater CSO-Mary Burnham Park	\$88,670
Long-term Control Plan	217,075
South Broad Street Express Sewer	258,922
Stormwater Projects	103,861

**NOTE 18 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS**

In 1976, the City stopped accepting waste at the City of Lancaster Landfill. In 1988, the Ohio Environmental Protection Agency filed a complaint against the City. The recognition of a liability for closure and postclosure care costs is based on landfill capacity used to date. The City is at 100% capacity. The consent order was approved in December 1996 by all respective parties involved and filed in January of 1997. The consent order required the City to place a final cover on the landfill site as well as perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City has accrued a liability for landfill closure and postclosure care costs in the Sanitation Fund of \$1,271,343. These costs are funded by a sanitation rate increase that became effective April 1, 1997. The rate will remain in effect for twenty-five years to cover annual postclosure care costs. The remaining five years of postclosure care costs will be funded by \$528,836 which has been placed in a restricted account. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 19 – POLLUTION REMEDIATION OBLIGATION**

In an effort to pursue economic development, the City began remediation on property known as the Frick-Gallagher/Ray-O-Vac property. In 2010, the City conducted a site evaluation and was awarded a Clean Ohio Revitalization Grant of \$1,477,238 for asbestos abatement, demolition, soil remediation and general waste removal. In 2012, the City also began the pollution remediation for the Lancaster Glass Property for which it was awarded a Clean Ohio Grant of \$2,499,500. The remediation is expected to be completed in 2014 and a liability of \$399,176 and \$966,133, respectively, has been recorded for these obligations.

**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Fairfield Metropolitan Housing Authority (the “Authority”)**

The Authority was created in 1980 and currently operates pursuant of Revised Code section 3735.27. A five-member board operates the Authority of which two are appointed by the City. The remaining three members are appointed by Fairfield County. The Authority adopts their own appropriations, is their own contracting authority, hires/fires personnel, authorizes all expenditures, and does not rely on the City or Fairfield County to finance its deficits. The Authority receives funding from the federal government in the form of grants. Grant funds are received directly by the Authority in the Authority's name. Although the City appoints members to the board, continued existence of the Board is not dependent upon the City's continued participation, no equity interest exists, and no debt is outstanding. Complete financial information can be obtained from the Fairfield Metropolitan Housing Authority, 315 North Columbus Street, Suite 200 Lancaster, Ohio.

**B. Lancaster-Fairfield County Community Action Agency (the “Agency”)**

The Agency is a non-profit corporation organized to plan, conduct, and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Fairfield County. A fifteen-member board governs the Agency. This board is made up of five representatives from the public sector, five representatives from the private sector, and five representatives from the low-income sector. The Fairfield County Recorder, the Fairfield County Commissioners, and the Fairfield County Sheriff appoint three representatives from the public sector. The Lancaster City Auditor and a village clerk-treasurer appoint the remaining public sector representatives. Continued existence of the Agency is not dependent upon the City's continued participation, nor does the City have an equity interest in the Agency, and no debt is outstanding.

**C. Fairfield Regional Planning Commission (the “Commission”)**

The City participates in this Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed by Fairfield County, municipalities, and townships. The City appoints one of the 48 members of the Commission's board. Monies are contributed to the Commission based on the population of the City which serves as a membership fee. Continued existence of the Commission is not dependent on the City's continued participation. There is no equity interest and no debt is outstanding.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**D. Fairfield County Family, Adult and Children First (the “Council”)**

The Council was created under Ohio Revised Code Section 121.37. Fairfield County has established a Council made up of the following members: the Director of the Fairfield County Community Mental Health Services Recovery Board; the Health Commissioner of the Fairfield County Health Department; the Director of Fairfield County Human Services; the Director of the Children’s Services Department; the Superintendent of Fairfield County MRDD; the Fairfield County Juvenile Court Judge; the Superintendent of Lancaster City Schools and Fairfield County Board of Education; the City of Lancaster; the Chair of the Fairfield County Commissioners; the State Department of Youth Services Regional Representative; a representative from the County Head Start Agencies; a representative of the County’s early intervention collaborative established pursuant to the federal early intervention program operated under the “Education of the Handicapped Act Amendments of 1986”; and at least three individuals representing the interests of families in the county. Where possible, the number of members representing families shall be equal to twenty percent of the Council’s remaining membership. The City participates in the Council. The Council’s revenues consist of operating grants along with pooled funding from other government sources. Continued existence of the Council is not dependent on the City’s continued participation, no equity interest exists, and no debt is outstanding.

**E. Fairfield County Multi-System Youth Committee (the “Committee”)**

The Committee is a group of agencies that coordinates the provision of services to multi-need youth in the area. Members of the Committee include representatives of the Fairfield County Youth Services, the Fairfield County Board of MRDD, the Fairfield County Juvenile Court, the Fairfield County Board of Education, the Fairfield County ADAMHS Board, the Fairfield County Children Services, the Fairfield County Health Department, New Horizons, the local office of the Rehabilitation Services Commission, the Fairfield Drug and Alcohol Recovery Center, and the Lancaster City Board of Education. Operations are paid out of a balance of remaining state and federal grants. The Committee is not dependent upon the continued participation of the City, no equity interest exists, and no debt is outstanding.

**F. Community Corrections Board (the “Board”)**

The Board is created by Ohio Revised Code Section 5149.30 and other related sections. The Board is made up of fifteen members that are appointed in accordance with the by-laws of the Board. Three of the members are City officials and include the Law Director, the City Police Chief, and the Municipal Court Judge. The Board prepares and administers the Community Corrections Planning Grant. This Board was a joint effort of the City and Fairfield County. The County acts as fiscal agent for this Board since the original grant was in the County’s name. Continued existence of the Board is not dependent on the City’s continued participation. There is no equity interest and no debt is outstanding.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**G. Fairfield –Hocking Major Crimes Investigations Unit (the “Unit”)**

The Unit is a regional council of governments, created in 2001 under Ohio Revised Code Section 167.01. Their purpose is to provide additional police protection to the citizens of Fairfield County and Hocking County to reduce the influence and affects of illegal drug trafficking activities and other major crimes. The Unit has a five member Governing Board which consists of one County Commissioner or designee from each county, and the Mayor, City Manager, or designee from each of the following cities: City of Lancaster, City of Pickerington, and City of Logan. The Unit also has a seven member Operating Board which handles the daily operations and reports to the Governing Board. The Operating Board consists of the following: the Fairfield and Hocking County Sheriffs and Prosecuting Attorneys, and the Chiefs of Police from the three cities listed above. The Unit’s revenues will consist of an annual grant applied for by the Fairfield County Commissioners that is given to the Unit to maintain and local matches from the involved entities. Continued existence of the Board is not dependent upon the City’s continued participation, no equity interest exists, and no debt is outstanding.

**NOTE 21- INSURANCE POOL**

The City is a member of the South Central Ohio Insurance Consortium (SCOIC), an insurance purchasing pool. The SCOIC’s primary purpose and object is establishing and carrying out a cost effective cooperative health program for its member organizations. The governing board consists of the one designee appointed by each of the members of the SCOIC. Members include the following school districts, governmental entities and county owned hospital: Amanda Clearcreek, Berne Union, Bloom-Carroll, Canal Winchester, Fairfield Union, Liberty Union-Thurston, Logan Hocking Local, Zanes Trace Local, and Miami Trace Local School Districts, Fairfield County Education Service Center, Lancaster and Washington Court House City School Districts, Hocking Valley Community Hospital, and City of Lancaster. The Liberty Union-Thurston Local School District serves as the fiscal agent for the SCOIC.

SCOIC contracts with the Jefferson Health Plan, a risk sharing, claims servicing, and insurance purchasing pool, for medical, and prescription drug coverage on a self-insured basis. The SCOIC members are considered self insured and pay a monthly premium to the fiscal agent that is actuarially calculated based on the participants’ actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. An additional fee is paid for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. SCOIC members participate in the shared risk pool through Jefferson Health Plan for individual claims from \$100,000 to \$500,000. SCOIC members are then covered under stop loss coverage for claims over \$500,000. SCOIC contracts with Employee Benefits Management Corporation to service the claims.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 21 – INSURANCE POOL (Continued)**

In the event that the City would withdraw from SCOIC, the City would be required to give a one hundred eighty day notice prior to the end of their three year contract, be responsible for all run-out claims, and would have no rights to share in any surplus funds of SCOIC. To obtain financial information for the SCOIC, write to the fiscal agent, Liberty Union-Thurston Local School District, 1108 S. Main Street, Baltimore, Ohio 43105.

**NOTE 22 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

For the period January 1, 2013 to December 31, 2013, the City received federal and state grants for specific purposes that are subject to reviews and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**NOTE 23- SUBSEQUENT EVENTS**

In April, 2014, the City authorized \$1,131,000 of general obligation notes for storm water improvements.

In June, 2014, the City issued \$8,300,000 of general obligation bonds for improvements to an existing building to be used by the Municipal Court.

In June, 2014, the Port Authority authorized \$330,000,000 of Gas Supply revenue bonds for prepay gas transactions.

In October 2013, the Port Authority received notification that the pending implementation of Capital Adequacy Requirements Guideline, issued by the Office of Superintendents of Financial Institutions Canada, is viewed by the Royal Bank of Canada (RBC) as an event that will materially adversely affect the prepaid transactions contemplated under the original terms of the prepaid agreement. As such, the Port Authority has been in discussions with the RBC regarding restructuring the prepaid gas agreement in conjunction with the refunding of the Variable Rate Revenue Bonds, Series 2008, through the issuances of five-year Floating Rate Notes with serial hard maturities. While it is anticipated such a restructuring will reduce the "Annual Payment" and the permitted discount from those received under the current agreement, the exact terms and rates of any potential restructuring agreement are not known at this time. Therefore, the impact on the financial statements of the Port Authority cannot be reasonably estimated at this time.



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2013***

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**NOTE 23- SUBSEQUENT EVENTS (Continued)**

In March 2014, the City and the Port Authority agreed to amend the terms of the cooperative agreement between the two parties which provides that effective April 1, 2014, all of the scheduled “Annual Payment”, which was allocated to the City under the previous agreement, will be allocated to the Authority to further the economic development efforts benefiting the City of Lancaster overall. Prior to this agreement, the City was allocated 75 percent of the amount scheduled to be allocated between the City and the Port Authority under the prepaid gas agreement.

**NOTE 24 - SIGNIFICANT ESTIMATES AND CONCENTRATIONS**

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

**A. Major Suppliers**

The Port Authority purchased all of its natural gas supply from the Royal Bank of Canada. There are a limited number of national gas suppliers with which the Port Authority could contract under prepay gas transactions and any disruption of deliveries under the supply contracts could have an impact on the Port Authority’s operations.

**B. Current Economic Conditions**

The current protracted economic decline continues to present energy companies with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in revenues, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Port Authority.

Although the Port Authority has not currently identified any specific circumstances which would cause the difficulties noted above, economic conditions could make it difficult for consumers to maintain demand and usage levels, which could have an adverse impact on the future operating results of the Port Authority. The Port Authority continually monitors the demand for natural gas against the provisions of the pre-pay transaction to assess the long-term feasibility of continuing the program as it is currently structured. The Port Authority continues to make all financial decisions and commitments with available cash and will not borrow funds against this transaction. The Port Authority is exploring other types of projects as it moves forward to maintain its overall goal of improving the economic development within the City of Lancaster.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE  
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, INTERNAL  
SERVICE FUNDS AND FIDUCIARY FUNDS.*

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Cemetery Fund**

To account for the operation and maintenance of the public cemetery.

**Street Construction, Maintenance and Repair Fund**

To account for state levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

**Street Levy Fund**

To account for 3 mill voted levy designated for road improvements. (The Statement of Revenues, Expenditures and Changes in Fund Balances is not presented because there was no activity during the year. This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

**Parks and Recreation Fund**

To account for the operation and maintenance of public recreational facilities.

**Special Improvement District Fund**

To account for fees assessed to all downtown business owners for the up-keep of the grounds surrounding their properties. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Lancaster Public Transit Program Fund**

To account for monies from the Rural Transit and Grant Program and the Ohio Elderly and Disabled Transit Fare Assistance Program.

**911 Tariff Fund**

To account for monies to enhance 911 wireless services.

**Edward Byrne Grant Fund**

To account for grant monies received from the United States Department of Justice for the purpose of funding special enforcement initiatives in areas which have been identified as high crime risk.

**Law Director Victim Assistance Fund**

To account for grant funds received to provide assistance to victims of domestic violence.

**Lancaster Community Development Fund**

To account for grant monies received to provide for redevelopment projects in the City.

(Continued)

***Special Revenue Funds*** (Continued)

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**Law Enforcement Block Grant Fund**

To account for grant monies to be used specifically for the improvement of public safety and the reduction of crime. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Police and Fire Pension Fund**

To accumulate property taxes for the partial payment of the current and accrued liability for police and fire disability and pension benefits.

**Community Oriented Policing Services (COPS) Hiring Program Fund**

To account for grants to provide funding directly to law enforcement agencies to hire and/or rehire career law enforcement officers in an effort to increase their community policing capacity and crime prevention efforts. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Fairfield County Court Surveillance Fund**

To account for grant money from the Ohio Department of Rehabilitation and Corrections directed toward jail diversion of non-violent misdemeanants. Monies cover operating costs, equipment and salary. Jail population reduction is the overall goal of the program.

**Indigent Drivers Alcohol Treatment Fund**

To account for monies received from OMVI fines and costs collected to pay for alcohol treatment for repeat offenders of the OMVI laws.

**Law Enforcement and Education Fund**

To account for monies received from OMVI fines from convictions to be used to pay for security of persons and property.

**Municipal Court Judicial Computer Fund**

To account for monies received from the Municipal Court to be used for computer systems for the Municipal Judges.

**Municipal Court Probation Fund**

To account for fees assessed to criminal and traffic offenders who are placed by the Municipal Court on probation or other control sanctions to cover the cost of Probation department services and related expenditures.

**Municipal Court Computerization Fund**

To account for monies received from the Municipal Court to be used for a computer system.

**Municipal Court Special Projects Fund**

To account for an extra three dollar fee charged by the municipal court on all cases to be used for projects within the municipal court.

(Continued)

***Special Revenue Funds*** (Continued)

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**Municipal Court Family Violence Fund**

To account for fees for family drug abuse and domestic violence programs.

**Municipal Drug Court Fund**

To account for grant monies to be used for a jail-alternative program, also known as The Fresh Start Program, which targets individuals with significant drug addictions and provides an intensive treatment program with a great deal of accountability.

**Ohio Peace Officers Training Fund**

To account for monies to be used for continuing professional training programs for law enforcement offices.

**DARE Officer Retention Grant Fund**

To account for grant monies to be used for the salaries of certified DARE officers training in the local schools.

**Safe Routes to School Fund**

To account for grant monies to develop programs to enable children to walk or bike to school safely. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**.15 Fire Levy Fund**

To accumulate .15% voted income taxes designated for operations of the Fire Department.

**Community Development Block Grant (CDBG) Fund**

To account for monies received from the federal government under the Community Development Block Grant Program and The Community Housing Improvement Program.

**State Highway Fund**

To account for that portion of the state gasoline tax and motor vehicle registration fees designated for street maintenance and repair of state highways within the City.

**Drug Enforcement Fund**

To account for monies received from fines to be used for drug enforcement activities. (This fund is not part of the City's appropriated budget; therefore no budgetary schedule is presented.)

**Cemetery Interment Fund**

Established to hold cemetery interment costs that have been received in advance.

***Debt Service Funds***

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The Debt Service Funds are used to account for retirement of the City's general obligation and special assessment bonds.

**General Bond Retirement Fund**

To account for the accumulation of resources for the payment of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds.

**Special Assessment Debt Retirement Fund**

To accumulate special assessment revenues collected by the County Treasurer and remitted to the City by the County Auditor for payment of assessment debt.

***Capital Projects Fund***

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The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

**LDOT (Lancaster Department of Transportation) Improvement Fund**

To account for financial resources other than the 3 mill voted levy for road and bridge improvement.

**Fire Capital Improvement Fund**

To account for financial resources for the purchase of a new medic unit.

**Fire Impact - District One Fund**

To account for new construction impact fees used for capital projects for the Fire Department.

**Ety Road TIF Project Fund**

To account for financial resources to be used for Ety Road infrastructure improvements.

***Permanent Fund***

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The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

**Cemetery Trust Fund**

Established to hold trust monies received for the maintenance of the cemetery grounds.

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 4,810,785	\$ 133,948	\$ 1,014,869	\$ 211,341	\$ 6,170,943
Investments	1,619,682	0	0	790,399	2,410,081
Receivables (net of allowance for doubtful accounts):					
Taxes	2,901,382	331,119	224,986	0	3,457,487
Accounts	292	0	0	0	292
Intergovernmental	1,853,736	0	0	0	1,853,736
Interest	2,923	0	0	0	2,923
Special Assessments	0	305,218	0	0	305,218
Loans	1,701,090	0	0	0	1,701,090
Inventory of Supplies	303,568	0	0	0	303,568
Prepaid Items	12,662	0	0	0	12,662
<b>Total Assets</b>	<b>\$ 13,206,120</b>	<b>\$ 770,285</b>	<b>\$ 1,239,855</b>	<b>\$ 1,001,740</b>	<b>\$ 16,218,000</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 115,890	\$ 0	\$ 0	\$ 0	\$ 115,890
Accrued Wages and Benefits Payable	350,826	0	0	0	350,826
Due to Others	0	0	70,000	0	70,000
Accrued Interest Payable	0	0	1,076	0	1,076
General Obligation Notes Payable	0	0	1,693,749	0	1,693,749
<b>Total Liabilities</b>	<b>466,716</b>	<b>0</b>	<b>1,764,825</b>	<b>0</b>	<b>2,231,541</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	2,179,000	331,119	224,986	0	2,735,105
Unavailable Revenue	1,827,106	305,218	0	0	2,132,324
<b>Total Deferred Inflows of Resources</b>	<b>4,006,106</b>	<b>636,337</b>	<b>224,986</b>	<b>0</b>	<b>4,867,429</b>
<b>Fund Balances:</b>					
Nonspendable	2,017,320	0	0	1,001,740	3,019,060
Restricted	6,391,990	133,948	0	0	6,525,938
Committed	323,988	0	999,936	0	1,323,924
Unassigned	0	0	(1,749,892)	0	(1,749,892)
<b>Total Fund Balances (Deficit)</b>	<b>8,733,298</b>	<b>133,948</b>	<b>(749,956)</b>	<b>1,001,740</b>	<b>9,119,030</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 13,206,120</b>	<b>\$ 770,285</b>	<b>\$ 1,239,855</b>	<b>\$ 1,001,740</b>	<b>\$ 16,218,000</b>



**CITY OF LANCASTER, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 3,427,203	\$ 331,819	\$ 135,935	\$ 0	\$ 3,894,957
Intergovernmental Revenues	4,530,526	133,972	0	0	4,664,498
Charges for Services	1,472,743	0	623,151	28,832	2,124,726
Licenses, Permits and Fees	560	0	0	0	560
Investment Earnings	5,353	0	0	0	5,353
Special Assessments	63,139	36,571	0	0	99,710
Fines and Forfeitures	1,331,923	0	0	0	1,331,923
All Other Revenue	142,028	0	95,513	0	237,541
<b>Total Revenue</b>	<b>10,973,475</b>	<b>502,362</b>	<b>854,599</b>	<b>28,832</b>	<b>12,359,268</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	2,575,529	0	0	0	2,575,529
Public Health and Welfare Services	611,937	0	0	0	611,937
Leisure Time Activities	1,840,118	0	0	0	1,840,118
Community Environment	537,951	0	0	0	537,951
Transportation	4,443,455	0	0	0	4,443,455
General Government	1,562,552	1,584	21,563	0	1,585,699
Capital Outlay	0	0	588,802	0	588,802
Debt Service:					
Principal Retirement	175,925	617,442	57,793	0	851,160
Interest and Fiscal Charges	40,951	183,136	52,097	0	276,184
<b>Total Expenditures</b>	<b>11,788,418</b>	<b>802,162</b>	<b>720,255</b>	<b>0</b>	<b>13,310,835</b>
Excess (Deficiency) of Revenues Over Expenditures	(814,943)	(299,800)	134,344	28,832	(951,567)
<b>Other Financing Sources (Uses):</b>					
Installment Loan	0	0	470,575	0	470,575
Transfers In	1,577,156	305,287	112,956	0	1,995,399
Transfers Out	(160,200)	0	0	(75,000)	(235,200)
<b>Total Other Financing Sources (Uses)</b>	<b>1,416,956</b>	<b>305,287</b>	<b>583,531</b>	<b>(75,000)</b>	<b>2,230,774</b>
Net Change in Fund Balances	602,013	5,487	717,875	(46,168)	1,279,207
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>8,126,613</b>	<b>128,461</b>	<b>(1,467,831)</b>	<b>1,047,908</b>	<b>7,835,151</b>
Increase (Decrease) in Inventory Reserve	4,672	0	0	0	4,672
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 8,733,298</b>	<b>\$ 133,948</b>	<b>\$ (749,956)</b>	<b>\$ 1,001,740</b>	<b>\$ 9,119,030</b>

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2013**

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Street Levy Fund	Parks and Recreation Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 173,115	\$ 144,012	\$ 0	\$ 266,741
Investments	0	1,174,498	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	21,778	0	1,795,000	326,656
Accounts	0	0	0	0
Intergovernmental	0	898,241	119,000	0
Interest	462	0	0	0
Loans	0	0	0	0
Inventory of Supplies	0	295,094	0	2,245
Prepaid Items	868	6,713	0	5,081
<b>Total Assets</b>	<b>\$ 196,223</b>	<b>\$ 2,518,558</b>	<b>\$ 1,914,000</b>	<b>\$ 600,723</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 1,577	\$ 32,350	\$ 0	\$ 27,254
Accrued Wages and Benefits Payable	16,697	96,201	0	63,227
<b>Total Liabilities</b>	<b>18,274</b>	<b>128,551</b>	<b>0</b>	<b>90,481</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	0	0	1,795,000	0
Unavailable Revenue	12,135	601,000	119,000	178,928
<b>Total Deferred Inflows of Resources</b>	<b>12,135</b>	<b>601,000</b>	<b>1,914,000</b>	<b>178,928</b>
<b>Fund Balances:</b>				
Nonspendable	868	301,807	0	7,326
Restricted	164,946	1,487,200	0	0
Committed	0	0	0	323,988
<b>Total Fund Balances</b>	<b>165,814</b>	<b>1,789,007</b>	<b>0</b>	<b>331,314</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 196,223</b>	<b>\$ 2,518,558</b>	<b>\$ 1,914,000</b>	<b>\$ 600,723</b>

**CITY OF LANCASTER, OHIO**

Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund	Police and Fire Pension Fund
\$ 26,178	\$ 125,261	\$ 428	\$ 22,544	\$ 41,289	\$ 8,755
0	0	0	0	0	0
0	0	0	0	0	431,292
292	0	0	0	0	0
40,608	0	9,818	12,155	0	24,000
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	1,483	0
0	0	0	0	0	0
<u>\$ 67,078</u>	<u>\$ 125,261</u>	<u>\$ 10,246</u>	<u>\$ 34,699</u>	<u>\$ 42,772</u>	<u>\$ 464,047</u>
\$ 31,030	\$ 0	\$ 0	\$ 1,250	\$ 0	\$ 0
4,675	9,222	0	629	10,018	0
<u>35,705</u>	<u>9,222</u>	<u>0</u>	<u>1,879</u>	<u>10,018</u>	<u>0</u>
0	0	0	0	0	384,000
0	0	0	0	0	59,714
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>443,714</u>
0	0	0	0	1,483	0
31,373	116,039	10,246	32,820	31,271	20,333
0	0	0	0	0	0
<u>31,373</u>	<u>116,039</u>	<u>10,246</u>	<u>32,820</u>	<u>32,754</u>	<u>20,333</u>
<u>\$ 67,078</u>	<u>\$ 125,261</u>	<u>\$ 10,246</u>	<u>\$ 34,699</u>	<u>\$ 42,772</u>	<u>\$ 464,047</u>

(Continued)

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2013**

	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund	Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 42,546	\$ 171,696	\$ 82,806	\$ 214,170
Investments	0	0	0	0
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	42,396	0	0	0
Interest	0	0	0	0
Loans	0	0	0	0
Inventory of Supplies	320	0	0	0
Prepaid Items	0	0	0	0
<b>Total Assets</b>	<b>\$ 85,262</b>	<b>\$ 171,696</b>	<b>\$ 82,806</b>	<b>\$ 214,170</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 1,425
Accrued Wages and Benefits Payable	3,739	0	0	0
<b>Total Liabilities</b>	<b>3,739</b>	<b>0</b>	<b>0</b>	<b>1,425</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	0	0	0	0
Unavailable Revenue	21,198	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>21,198</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>				
Nonspendable	320	0	0	0
Restricted	60,005	171,696	82,806	212,745
Committed	0	0	0	0
<b>Total Fund Balances</b>	<b>60,325</b>	<b>171,696</b>	<b>82,806</b>	<b>212,745</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 85,262</b>	<b>\$ 171,696</b>	<b>\$ 82,806</b>	<b>\$ 214,170</b>

**CITY OF LANCASTER, OHIO**

Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund	Municipal Drug Court Fund	Ohio Peace Officers Training Fund
\$ 211,763	\$ 334,981	\$ 1,702,341	\$ 17,321	\$ 12,418	\$ 5,600
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	15,680	0
0	0	0	0	0	0
4,426	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 216,189</u>	<u>\$ 334,981</u>	<u>\$ 1,702,341</u>	<u>\$ 17,321</u>	<u>\$ 28,098</u>	<u>\$ 5,600</u>
\$ 5,522	\$ 4,047	\$ 5,587	\$ 0	\$ 2,262	\$ 0
26,789	6,778	5,477	0	6,929	0
<u>32,311</u>	<u>10,825</u>	<u>11,064</u>	<u>0</u>	<u>9,191</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,426	0	0	0	0	0
179,452	324,156	1,691,277	17,321	18,907	5,600
0	0	0	0	0	0
<u>183,878</u>	<u>324,156</u>	<u>1,691,277</u>	<u>17,321</u>	<u>18,907</u>	<u>5,600</u>
<u>\$ 216,189</u>	<u>\$ 334,981</u>	<u>\$ 1,702,341</u>	<u>\$ 17,321</u>	<u>\$ 28,098</u>	<u>\$ 5,600</u>

(Continued)

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2013**

	DARE Officer Retention Grant Fund	.15 Fire Levy Fund	CDBG Fund	State Highway Fund
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 27,588	\$ 849,180	\$ 155,763	\$ 23,143
Investments	0	0	0	182,058
Receivables (net of allowance for doubtful accounts):				
Taxes	0	326,656	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	646,399	45,439
Interest	0	0	0	2,332
Loans	0	0	1,701,090	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
<b>Total Assets</b>	<b>\$ 27,588</b>	<b>\$ 1,175,836</b>	<b>\$ 2,503,252</b>	<b>\$ 252,972</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 3,586	\$ 0
Accrued Wages and Benefits Payable	0	100,445	0	0
<b>Total Liabilities</b>	<b>0</b>	<b>100,445</b>	<b>3,586</b>	<b>0</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	0	0	0	0
Unavailable Revenue	0	178,928	625,574	30,562
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>178,928</b>	<b>625,574</b>	<b>30,562</b>
<b>Fund Balances:</b>				
Nonspendable	0	0	1,701,090	0
Restricted	27,588	896,463	173,002	222,410
Committed	0	0	0	0
<b>Total Fund Balances</b>	<b>27,588</b>	<b>896,463</b>	<b>1,874,092</b>	<b>222,410</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 27,588</b>	<b>\$ 1,175,836</b>	<b>\$ 2,503,252</b>	<b>\$ 252,972</b>

**CITY OF LANCASTER, OHIO**

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Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 124,761	\$ 26,385	\$ 4,810,785
0	263,126	1,619,682
0	0	2,901,382
0	0	292
0	0	1,853,736
0	129	2,923
0	0	1,701,090
0	0	303,568
0	0	12,662
<u>\$ 124,761</u>	<u>\$ 289,640</u>	<u>\$ 13,206,120</u>
\$ 0	\$ 0	\$ 115,890
0	0	350,826
0	0	466,716
0	0	2,179,000
0	67	1,827,106
0	67	4,006,106
0	0	2,017,320
124,761	289,573	6,391,990
0	0	323,988
<u>124,761</u>	<u>289,573</u>	<u>8,733,298</u>
<u>\$ 124,761</u>	<u>\$ 289,640</u>	<u>\$ 13,206,120</u>

**CITY OF LANCASTER, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

	Cemetery Fund	Street Construction, Maintenance and Repair Fund	Parks and Recreation Fund	Special Improvement District Fund
<b>Revenues:</b>				
Taxes	\$ 92,699	\$ 0	\$ 1,390,488	\$ 0
Intergovernmental Revenues	0	1,866,763	106,449	0
Charges for Services	192,543	684,175	323,257	0
Licenses, Permits and Fees	0	0	560	0
Investment Earnings	3,292	0	0	0
Special Assessments	0	0	0	63,139
Fines and Forfeitures	0	0	0	0
All Other Revenue	5,297	46,536	27,794	0
<b>Total Revenue</b>	<b>293,831</b>	<b>2,597,474</b>	<b>1,848,548</b>	<b>63,139</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	476,992	0	0	0
Leisure Time Activities	0	0	1,840,118	0
Community Environment	0	0	0	63,139
Transportation	0	3,018,089	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	85,925	0	0
Interest and Fiscal Charges	0	21,872	0	0
<b>Total Expenditures</b>	<b>476,992</b>	<b>3,125,886</b>	<b>1,840,118</b>	<b>63,139</b>
Excess (Deficiency) of Revenues Over Expenditures	(183,161)	(528,412)	8,430	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	250,000	309,000	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>250,000</b>	<b>309,000</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	66,839	(219,412)	8,430	0
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>98,975</b>	<b>2,008,084</b>	<b>322,559</b>	<b>0</b>
Increase in Inventory	0	335	325	0
<b>Fund Balances End of Year</b>	<b>\$ 165,814</b>	<b>\$ 1,789,007</b>	<b>\$ 331,314</b>	<b>\$ 0</b>



**CITY OF LANCASTER, OHIO**

Lancaster Public Transit Program Fund	911 Tariff Fund	Edward Byrne Grant Fund	Law Director Victim Assistance Fund	Lancaster Community Development Fund	Law Enforcement Block Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,104,991	91,971	9,818	57,875	118,063	0
257,244	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
52,489	1,100	4	320	0	0
<u>1,414,724</u>	<u>93,071</u>	<u>9,822</u>	<u>58,195</u>	<u>118,063</u>	<u>0</u>
0	199,778	0	409	0	7,097
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	137,499	0
1,425,366	0	0	0	0	0
0	0	0	67,333	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,425,366</u>	<u>199,778</u>	<u>0</u>	<u>67,742</u>	<u>137,499</u>	<u>7,097</u>
(10,642)	(106,707)	9,822	(9,547)	(19,436)	(7,097)
73,000	0	0	35,776	0	0
0	0	0	0	0	0
<u>73,000</u>	<u>0</u>	<u>0</u>	<u>35,776</u>	<u>0</u>	<u>0</u>
62,358	(106,707)	9,822	26,229	(19,436)	(7,097)
(30,985)	222,746	424	6,591	51,408	7,097
0	0	0	0	782	0
<u>\$ 31,373</u>	<u>\$ 116,039</u>	<u>\$ 10,246</u>	<u>\$ 32,820</u>	<u>\$ 32,754</u>	<u>\$ 0</u>

(Continued)

**CITY OF LANCASTER, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

	Police and Fire Pension Fund	COPS Hiring Program Fund	Fairfield County Court Surveillance Fund	Indigent Drivers Alcohol Treatment Fund
<b>Revenues:</b>				
Taxes	\$ 401,026	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	48,486	179,509	84,791	0
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	39,745
All Other Revenue	0	0	383	0
<b>Total Revenue</b>	<b>449,512</b>	<b>179,509</b>	<b>85,174</b>	<b>39,745</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	456,625	195,658	81,255	50,000
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>456,625</b>	<b>195,658</b>	<b>81,255</b>	<b>50,000</b>
Excess (Deficiency) of Revenues Over Expenditures	(7,113)	(16,149)	3,919	(10,255)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(7,113)	(16,149)	3,919	(10,255)
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>27,446</b>	<b>16,149</b>	<b>56,306</b>	<b>181,951</b>
Increase in Inventory	0	0	100	0
<b>Fund Balances End of Year</b>	<b>\$ 20,333</b>	<b>\$ 0</b>	<b>\$ 60,325</b>	<b>\$ 171,696</b>

**CITY OF LANCASTER, OHIO**

Law Enforcement and Education Fund	Municipal Court Judicial Computer Fund	Municipal Court Probation Fund	Municipal Court Computerization Fund	Municipal Court Special Projects Fund	Municipal Court Family Violence Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	41,000	0	0	0
0	0	0	0	0	989
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,967	50,536	372,737	204,977	625,158	0
0	0	2,288	581	1,195	0
<u>1,967</u>	<u>50,536</u>	<u>416,025</u>	<u>205,558</u>	<u>626,353</u>	<u>989</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	42,996	444,301	267,355	613,107	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>42,996</u>	<u>444,301</u>	<u>267,355</u>	<u>613,107</u>	<u>0</u>
1,967	7,540	(28,276)	(61,797)	13,246	989
0	0	0	0	0	0
0	0	0	0	(60,200)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(60,200)</u>	<u>0</u>
1,967	7,540	(28,276)	(61,797)	(46,954)	989
80,839	205,205	209,024	385,953	1,738,231	16,332
0	0	3,130	0	0	0
<u>\$ 82,806</u>	<u>\$ 212,745</u>	<u>\$ 183,878</u>	<u>\$ 324,156</u>	<u>\$ 1,691,277</u>	<u>\$ 17,321</u>

(Continued)

**CITY OF LANCASTER, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

	Municipal Drug Court Fund	Ohio Peace Officers Training Fund	DARE Officer Retention Grant Fund	Safe Routes to School Fund
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	69,742	0	54,787	109,150
Charges for Services	0	0	0	0
Licenses, Permits and Fees	0	0	0	0
Investment Earnings	0	0	0	0
Special Assessments	0	0	0	0
Fines and Forfeitures	0	0	0	0
All Other Revenue	1,419	0	0	0
<b>Total Revenue</b>	<b>71,161</b>	<b>0</b>	<b>54,787</b>	<b>109,150</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	7,000	54,399	0
Public Health and Welfare Services	0	0	0	109,150
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	127,460	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<b>Total Expenditures</b>	<b>127,460</b>	<b>7,000</b>	<b>54,399</b>	<b>109,150</b>
Excess (Deficiency) of Revenues Over Expenditures	(56,299)	(7,000)	388	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	60,200	0	0	0
Transfers Out	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>60,200</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	3,901	(7,000)	388	0
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>15,006</b>	<b>12,600</b>	<b>27,200</b>	<b>0</b>
Increase in Inventory	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 18,907</b>	<b>\$ 5,600</b>	<b>\$ 27,588</b>	<b>\$ 0</b>

**CITY OF LANCASTER, OHIO**

.15 Fire Levy Fund	CDBG Fund	State Highway Fund	Drug Enforcement Fund	Cemetery Interment Fund	Total Nonmajor Special Revenue Funds
\$ 1,542,990	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,427,203
0	493,289	93,842	0	0	4,530,526
0	0	0	0	14,535	1,472,743
0	0	0	0	0	560
0	1,762	(540)	0	839	5,353
0	0	0	0	0	63,139
0	0	0	36,803	0	1,331,923
0	2,622	0	0	0	142,028
<u>1,542,990</u>	<u>497,673</u>	<u>93,302</u>	<u>36,803</u>	<u>15,374</u>	<u>10,973,475</u>
1,495,707	0	0	27,601	0	2,575,529
0	0	0	0	25,795	611,937
0	0	0	0	0	1,840,118
0	337,313	0	0	0	537,951
0	0	0	0	0	4,443,455
0	0	0	0	0	1,562,552
0	90,000	0	0	0	175,925
0	19,079	0	0	0	40,951
<u>1,495,707</u>	<u>446,392</u>	<u>0</u>	<u>27,601</u>	<u>25,795</u>	<u>11,788,418</u>
47,283	51,281	93,302	9,202	(10,421)	(814,943)
849,180	0	0	0	0	1,577,156
0	0	(100,000)	0	0	(160,200)
<u>849,180</u>	<u>0</u>	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>1,416,956</u>
896,463	51,281	(6,698)	9,202	(10,421)	602,013
0	1,822,811	229,108	115,559	299,994	8,126,613
0	0	0	0	0	4,672
<u>\$ 896,463</u>	<u>\$ 1,874,092</u>	<u>\$ 222,410</u>	<u>\$ 124,761</u>	<u>\$ 289,573</u>	<u>\$ 8,733,298</u>

**CITY OF LANCASTER, OHIO**

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**Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2013**

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	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 91,191	\$ 42,757	\$ 133,948
Receivables (net of allowance for doubtful accounts):			
Taxes	331,119	0	331,119
Special Assessments	<u>0</u>	<u>305,218</u>	<u>305,218</u>
<b>Total Assets</b>	<u>\$ 422,310</u>	<u>\$ 347,975</u>	<u>\$ 770,285</u>
<b>Liabilities:</b>			
<b>Total Liabilities</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	331,119	0	331,119
Unavailable Revenue	<u>0</u>	<u>305,218</u>	<u>305,218</u>
<b>Total Deferred Inflows of Resources</b>	<u>331,119</u>	<u>305,218</u>	<u>636,337</u>
<b>Fund Balances:</b>			
Restricted	<u>91,191</u>	<u>42,757</u>	<u>133,948</u>
<b>Total Fund Balances</b>	<u>91,191</u>	<u>42,757</u>	<u>133,948</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 422,310</u>	<u>\$ 347,975</u>	<u>\$ 770,285</u>

**CITY OF LANCASTER, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2013***

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	General Bond Retirement Fund	Special Assessment Debt Retirement Fund	Total Nonmajor Debt Service Funds
<b>Revenues:</b>			
Taxes	\$ 331,819	\$ 0	\$ 331,819
Intergovernmental Revenues	133,972	0	133,972
Special Assessments	<u>0</u>	<u>36,571</u>	<u>36,571</u>
<b>Total Revenue</b>	<u>465,791</u>	<u>36,571</u>	<u>502,362</u>
<b>Expenditures:</b>			
General Government	0	1,584	1,584
Debt Service:			
Principal Retirement	598,442	19,000	617,442
Interest and Fiscal Charges	<u>172,636</u>	<u>10,500</u>	<u>183,136</u>
<b>Total Expenditures</b>	<u>771,078</u>	<u>31,084</u>	<u>802,162</u>
Excess (Deficiency) of Revenues Over Expenditures	(305,287)	5,487	(299,800)
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>305,287</u>	<u>0</u>	<u>305,287</u>
<b>Total Other Financing Sources (Uses)</b>	<u>305,287</u>	<u>0</u>	<u>305,287</u>
Net Change in Fund Balances	0	5,487	5,487
<b>Fund Balances at Beginning of Year</b>	<u>91,191</u>	<u>37,270</u>	<u>128,461</u>
<b>Fund Balances End of Year</b>	<u>\$ 91,191</u>	<u>\$ 42,757</u>	<u>\$ 133,948</u>

**CITY OF LANCASTER, OHIO**

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2013**

	LDOT Improvement Fund	Fire Capital Improvement Fund	Fire Impact - District One Fund	Ety Road TIF Project Fund	Total Nonmajor Capital Projects Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 164,956	\$ 24,129	\$ 810,851	\$ 14,933	\$ 1,014,869
Receivables (net of allowance for doubtful accounts):					
Taxes	0	0	0	224,986	224,986
<b>Total Assets</b>	<b>\$ 164,956</b>	<b>\$ 24,129</b>	<b>\$ 810,851</b>	<b>\$ 239,919</b>	<b>\$ 1,239,855</b>
<b>Liabilities:</b>					
Due to Others	\$ 0	\$ 0	\$ 0	\$ 70,000	\$ 70,000
Accrued Interest Payable	0	0	0	1,076	1,076
General Obligation Notes Payable	0	0	0	1,693,749	1,693,749
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,764,825</b>	<b>1,764,825</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	0	0	0	224,986	224,986
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>224,986</b>	<b>224,986</b>
<b>Fund Balances:</b>					
Committed	164,956	24,129	810,851	0	999,936
Unassigned	0	0	0	(1,749,892)	(1,749,892)
<b>Total Fund Balances (Deficit)</b>	<b>164,956</b>	<b>24,129</b>	<b>810,851</b>	<b>(1,749,892)</b>	<b>(749,956)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 164,956</b>	<b>\$ 24,129</b>	<b>\$ 810,851</b>	<b>\$ 239,919</b>	<b>\$ 1,239,855</b>



**CITY OF LANCASTER, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

	LDOT Improvement Fund	Fire Capital Improvement Fund	Fire Impact - District One Fund	Ety Road TIF Project Fund	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 135,935	\$ 135,935
Charges for Services	0	0	623,151	0	623,151
All Other Revenue	92,000	0	0	3,513	95,513
<b>Total Revenue</b>	<b>92,000</b>	<b>0</b>	<b>623,151</b>	<b>139,448</b>	<b>854,599</b>
<b>Expenditures:</b>					
Current:					
General Government	0	0	0	21,563	21,563
Capital Outlay	0	0	491,327	97,475	588,802
Debt Service:					
Principal Retirement	0	0	57,793	0	57,793
Interest and Fiscal Charges	0	575	14,028	37,494	52,097
<b>Total Expenditures</b>	<b>0</b>	<b>575</b>	<b>563,148</b>	<b>156,532</b>	<b>720,255</b>
Excess (Deficiency) of Revenues Over Expenditures	92,000	(575)	60,003	(17,084)	134,344
<b>Other Financing Sources (Uses):</b>					
Installment Loan	0	470,575	0	0	470,575
Transfers In	72,956	40,000	0	0	112,956
<b>Total Other Financing Sources (Uses)</b>	<b>72,956</b>	<b>510,575</b>	<b>0</b>	<b>0</b>	<b>583,531</b>
Net Change in Fund Balances	164,956	510,000	60,003	(17,084)	717,875
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>0</b>	<b>(485,871)</b>	<b>750,848</b>	<b>(1,732,808)</b>	<b>(1,467,831)</b>
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 164,956</b>	<b>\$ 24,129</b>	<b>\$ 810,851</b>	<b>\$ (1,749,892)</b>	<b>\$ (749,956)</b>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 11,884,135	\$ 11,884,135	\$ 12,346,812	\$ 462,677
Intergovernmental Revenues	941,105	948,329	1,670,720	722,391
Charges for Services	3,495,999	3,550,999	3,461,527	(89,472)
License, Permits and Fees	23,800	23,800	20,760	(3,040)
Investment Earnings	312,006	312,006	270,389	(41,617)
Fines and Forfeitures	771,400	771,400	764,579	(6,821)
All Other Revenues	76,200	77,865	191,996	114,131
<b>Total Revenues</b>	<b>17,504,645</b>	<b>17,568,534</b>	<b>18,726,783</b>	<b>1,158,249</b>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Personal Services	5,457,813	5,407,729	4,598,986	808,743
Operations and Maintenance	569,763	719,466	683,254	36,212
Capital Outlay	89,831	100,015	100,009	6
<b>Total Police</b>	<b>6,117,407</b>	<b>6,227,210</b>	<b>5,382,249</b>	<b>844,961</b>
Fire:				
Personal Services	3,632,361	3,637,524	3,373,952	263,572
Operations and Maintenance	633,871	648,190	531,822	116,368
Capital Outlay	333,616	323,616	296,354	27,262
<b>Total Fire</b>	<b>4,599,848</b>	<b>4,609,330</b>	<b>4,202,128</b>	<b>407,202</b>
Street Lighting:				
Operations and Maintenance	298,817	298,817	283,305	15,512
<b>Total Street Lighting</b>	<b>298,817</b>	<b>298,817</b>	<b>283,305</b>	<b>15,512</b>
<b>Total Security of Persons and Property</b>	<b>11,016,072</b>	<b>11,135,357</b>	<b>9,867,682</b>	<b>1,267,675</b>
Public Health and Welfare Services:				
Health:				
Operations and Maintenance	275,000	284,960	284,960	0
<b>Total Health</b>	<b>275,000</b>	<b>284,960</b>	<b>284,960</b>	<b>0</b>
Assistance to Needy:				
Operations and Maintenance	3,000	3,000	750	2,250
<b>Total Assistance to Needy</b>	<b>3,000</b>	<b>3,000</b>	<b>750</b>	<b>2,250</b>
<b>Total Public Health and Welfare Services</b>	<b>278,000</b>	<b>287,960</b>	<b>285,710</b>	<b>2,250</b>

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Environment:				
Zoning, Planning, Tree Commissions:				
Personal Services	7,441	7,441	0	7,441
Operations and Maintenance	115,609	121,695	112,477	9,218
Total Zoning, Planning, Tree Commission	123,050	129,136	112,477	16,659
Economic Development:				
Personal Services	15,544	15,544	15,190	354
Operations and Maintenance	33,623	34,823	32,694	2,129
Total Economic Development	49,167	50,367	47,884	2,483
Total Community Environment	172,217	179,503	160,361	19,142
General Government:				
Council:				
Personal Services	117,933	117,933	117,932	1
Operations and Maintenance	5,114	5,114	3,641	1,473
Total Council	123,047	123,047	121,573	1,474
Mayor:				
Personal Services	180,674	180,674	148,222	32,452
Operations and Maintenance	9,998	9,998	4,021	5,977
Capital Outlay	500	500	430	70
Total Mayor	191,172	191,172	152,673	38,499
Personnel:				
Personal Services	0	68,929	48,071	20,858
Operations and Maintenance	17,837	24,687	13,373	11,314
Capital Outlay	500	3,750	2,986	764
Total Personnel	18,337	97,366	64,430	32,936
Auditor:				
Personal Services	345,073	345,073	319,182	25,891
Operations and Maintenance	37,168	37,168	27,812	9,356
Total Auditor	382,241	382,241	346,994	35,247
Treasurer:				
Personal Services	28,771	28,771	28,194	577
Operations and Maintenance	2,560	3,060	1,914	1,146
Capital Outlay	500	0	0	0
Total Treasurer	31,831	31,831	30,108	1,723

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Law Director:				
Personal Services	430,348	462,559	446,808	15,751
Operations and Maintenance	41,376	16,842	16,842	0
Total Law Director	471,724	479,401	463,650	15,751
Law Director-Prosecution Contract:				
Personal Services	152,804	120,047	115,157	4,890
Operations and Maintenance	35,788	65,322	58,405	6,917
Total Law Director-Prosecution Contract	188,592	185,369	173,562	11,807
Law Director-Code Enforcement:				
Personal Services	72,385	72,385	71,710	675
Operations and Maintenance	19,519	19,519	14,058	5,461
Capital Outlay	3,682	3,682	0	3,682
Total Law Director-Code Enforcement	95,586	95,586	85,768	9,818
Municipal Court:				
Personal Services	759,661	759,661	702,321	57,340
Operations and Maintenance	85,285	85,285	81,577	3,708
Total Municipal Court	844,946	844,946	783,898	61,048
Judicial:				
Personal Services	544,820	544,820	530,955	13,865
Operations and Maintenance	50,579	51,779	41,778	10,001
Capital Outlay	2,000	800	0	800
Total Judicial	597,399	597,399	572,733	24,666
Civil Service:				
Personal Services	6,352	6,352	5,922	430
Operations and Maintenance	23,465	23,465	8,813	14,652
Total Civil Service	29,817	29,817	14,735	15,082
City Hall Maintenance:				
Personal Services	58,425	58,425	56,678	1,747
Operations and Maintenance	112,871	112,871	95,374	17,497
Capital Outlay	3,705	3,705	3,701	4
Total City Hall Maintenance	175,001	175,001	155,753	19,248

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
City Hall Maintenance-Annex:				
Operations and Maintenance	<u>38,777</u>	<u>38,777</u>	<u>35,978</u>	<u>2,799</u>
Total City Hall Maintenance-Annex	<u>38,777</u>	<u>38,777</u>	<u>35,978</u>	<u>2,799</u>
Columbian Building:				
Operations and Maintenance	<u>22,593</u>	<u>22,593</u>	<u>7,024</u>	<u>15,569</u>
Total Maple Street Facilities	<u>22,593</u>	<u>22,593</u>	<u>7,024</u>	<u>15,569</u>
Fuel Depot:				
Operations and Maintenance	<u>300,000</u>	<u>345,000</u>	<u>311,242</u>	<u>33,758</u>
Total Fuel Depot	<u>300,000</u>	<u>345,000</u>	<u>311,242</u>	<u>33,758</u>
Service Safety Director:				
Personal Services	<u>202,070</u>	<u>202,070</u>	<u>180,904</u>	<u>21,166</u>
Operations and Maintenance	<u>10,608</u>	<u>10,608</u>	<u>8,276</u>	<u>2,332</u>
Total Service Safety Director	<u>212,678</u>	<u>212,678</u>	<u>189,180</u>	<u>23,498</u>
Engineer:				
Personal Services	<u>313,400</u>	<u>349,179</u>	<u>318,692</u>	<u>30,487</u>
Operations and Maintenance	<u>61,054</u>	<u>61,054</u>	<u>54,803</u>	<u>6,251</u>
Capital Outlay	<u>2,400</u>	<u>2,400</u>	<u>2,388</u>	<u>12</u>
Total Engineer	<u>376,854</u>	<u>412,633</u>	<u>375,883</u>	<u>36,750</u>
Certified Building Inspection:				
Personal Services	<u>245,350</u>	<u>245,350</u>	<u>228,878</u>	<u>16,472</u>
Operations and Maintenance	<u>109,373</u>	<u>110,346</u>	<u>109,116</u>	<u>1,230</u>
Capital Outlay	<u>3,278</u>	<u>2,305</u>	<u>1,776</u>	<u>529</u>
Total Certified Building Inspection	<u>358,001</u>	<u>358,001</u>	<u>339,770</u>	<u>18,231</u>
Administration Support:				
Personal Services	<u>29,127</u>	<u>29,127</u>	<u>25,060</u>	<u>4,067</u>
Operations and Maintenance	<u>275,455</u>	<u>303,455</u>	<u>246,122</u>	<u>57,333</u>
Total Administration Support	<u>304,582</u>	<u>332,582</u>	<u>271,182</u>	<u>61,400</u>
Miscellaneous:				
Personal Services	<u>288,000</u>	<u>294,500</u>	<u>151,464</u>	<u>143,036</u>
Operations and Maintenance	<u>833,739</u>	<u>957,720</u>	<u>794,042</u>	<u>163,678</u>
Total Miscellaneous	<u>1,121,739</u>	<u>1,252,220</u>	<u>945,506</u>	<u>306,714</u>

(Continued)

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2013***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Income Tax:				
Personal Services	303,600	303,600	294,529	9,071
Operations and Maintenance	761,707	949,203	801,617	147,586
Capital Outlay	10,000	2,504	2,504	0
Total Income Tax	<u>1,075,307</u>	<u>1,255,307</u>	<u>1,098,650</u>	<u>156,657</u>
Total General Government	6,960,224	7,462,967	6,540,292	922,675
Debt Services:				
Principal Retirement	76,695	91,473	91,026	447
Interest and Fiscal Charges	<u>74,937</u>	<u>75,808</u>	<u>70,854</u>	<u>4,954</u>
Total Expenditures	<u>18,578,145</u>	<u>19,233,068</u>	<u>17,015,925</u>	<u>2,217,143</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,073,500)	(1,664,534)	1,710,858	3,375,392
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(861,579)	(882,551)	(862,551)	20,000
Advances In	1,873,300	1,873,300	2,343,300	470,000
Advances Out	<u>(1,817,100)</u>	<u>(1,817,100)</u>	<u>(1,817,100)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(805,379)</u>	<u>(826,351)</u>	<u>(336,351)</u>	<u>490,000</u>
Net Change in Fund Balance	(1,878,879)	(2,490,885)	1,374,507	3,865,392
Fund Balance at Beginning of Year	2,948,580	2,948,580	2,948,580	0
Prior Year Encumbrances	<u>497,452</u>	<u>497,452</u>	<u>497,452</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,567,153</u>	<u>\$ 955,147</u>	<u>\$ 4,820,539</u>	<u>\$ 3,865,392</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Fund - .45 Police and Fire Levy Fund  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	<u>\$ 4,185,786</u>	<u>\$ 4,185,786</u>	<u>\$ 4,185,786</u>	<u>\$ 0</u>
Total Revenues	<u>4,185,786</u>	<u>4,185,786</u>	<u>4,185,786</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>4,185,786</u>	<u>4,185,786</u>	<u>4,185,786</u>	<u>0</u>
Total Expenditures	<u>4,185,786</u>	<u>4,185,786</u>	<u>4,185,786</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Projects Fund – Capital Improvement Fund  
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 279,053	\$ 279,053	\$ 279,053	\$ 0
Intergovernmental Revenues	3,176,674	6,226,079	3,673,508	(2,552,571)
All Other Revenues	0	334,000	483,034	149,034
Total Revenues	<u>3,455,727</u>	<u>6,839,132</u>	<u>4,435,595</u>	<u>(2,403,537)</u>
<b>Expenditures:</b>				
Capital Outlay	3,468,250	4,424,278	4,214,284	209,994
Debt Service:				
Principal Retirement	27,077	27,077	27,077	0
Interest and Fiscal Charges	6,056	6,056	5,056	1,000
Total Expenditures	<u>3,501,383</u>	<u>4,457,411</u>	<u>4,246,417</u>	<u>210,994</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,656)	2,381,721	189,178	(2,192,543)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(1,053,566)	(936,336)	(936,336)	0
Advances In	877,100	877,100	877,100	0
Advances Out	(933,300)	(933,300)	(933,300)	0
Total Other Financing Sources (Uses)	<u>(1,109,766)</u>	<u>(992,536)</u>	<u>(992,536)</u>	<u>0</u>
Net Change in Fund Balance	(1,155,422)	1,389,185	(803,358)	(2,192,543)
Fund Balance at Beginning of Year	1,384,743	1,384,743	1,384,743	0
Fund Balance at End of Year	<u>\$ 229,321</u>	<u>\$ 2,773,928</u>	<u>\$ 581,385</u>	<u>\$ (2,192,543)</u>



**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

<b>CEMETERY FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 94,000	\$ 94,000	\$ 93,017	\$ (983)
Charges for Services	195,000	195,000	192,543	(2,457)
Investment Earnings	2,000	2,000	3,292	1,292
All Other Revenues	100	100	5,297	5,197
Total Revenues	<u>291,100</u>	<u>291,100</u>	<u>294,149</u>	<u>3,049</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	314,893	320,893	301,126	19,767
Operations and Maintenance	153,181	219,081	177,480	41,601
Capital Outlay	0	3,100	2,836	264
Total Expenditures	<u>468,074</u>	<u>543,074</u>	<u>481,442</u>	<u>61,632</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(176,974)	(251,974)	(187,293)	64,681
<b>Other Financing Sources (Uses):</b>				
Transfers In	175,000	250,000	250,000	0
Total Other Financing Sources (Uses)	<u>175,000</u>	<u>250,000</u>	<u>250,000</u>	<u>0</u>
Net Change in Fund Balance	(1,974)	(1,974)	62,707	64,681
Fund Balance at Beginning of Year	105,064	105,064	105,064	0
Prior Year Encumbrances	1,984	1,984	1,984	0
Fund Balance at End of Year	<u>\$ 105,074</u>	<u>\$ 105,074</u>	<u>\$ 169,755</u>	<u>\$ 64,681</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

<b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,816,000	\$ 1,816,000	\$ 1,857,818	\$ 41,818
Charges for Services	661,900	661,900	684,175	22,275
All Other Revenues	185,000	185,000	46,536	(138,464)
Total Revenues	<u>2,662,900</u>	<u>2,662,900</u>	<u>2,588,529</u>	<u>(74,371)</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	1,725,596	1,725,596	1,617,577	108,019
Operations and Maintenance	1,101,148	1,147,428	1,048,251	99,177
Capital Outlay	87,203	100,923	88,617	12,306
Total Transportation	<u>2,913,947</u>	<u>2,973,947</u>	<u>2,754,445</u>	<u>219,502</u>
Debt Service:				
Principal Retirement	85,925	85,925	85,925	0
Interest and Fiscal Charges	21,872	21,872	21,872	0
Total Debt Service	<u>107,797</u>	<u>107,797</u>	<u>107,797</u>	<u>0</u>
Total Expenditures	<u>3,021,744</u>	<u>3,081,744</u>	<u>2,862,242</u>	<u>219,502</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(358,844)	(418,844)	(273,713)	145,131
<b>Other Financing Sources (Uses):</b>				
Transfers In	309,000	309,000	309,000	0
Total Other Financing Sources (Uses)	<u>309,000</u>	<u>309,000</u>	<u>309,000</u>	<u>0</u>
Net Change in Fund Balance	(49,844)	(109,844)	35,287	145,131
Fund Balance at Beginning of Year	1,193,930	1,193,930	1,193,930	0
Prior Year Encumbrances	49,894	49,894	49,894	0
Fund Balance at End of Year	<u>\$ 1,193,980</u>	<u>\$ 1,133,980</u>	<u>\$ 1,279,111</u>	<u>\$ 145,131</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,395,262	\$ 1,395,262	\$ 1,395,262	\$ 0
Intergovernmental Revenues	45,000	45,000	106,449	61,449
Charges for Services	342,500	342,500	323,257	(19,243)
Licenses, Permits and Fees	0	0	560	560
All Other Revenues	<u>30,000</u>	<u>40,000</u>	<u>27,794</u>	<u>(12,206)</u>
Total Revenues	<u>1,812,762</u>	<u>1,822,762</u>	<u>1,853,322</u>	<u>30,560</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Personal Services	1,224,618	1,224,618	1,174,288	50,330
Operations and Maintenance	702,176	727,176	655,880	71,296
Capital Outlay	<u>22,436</u>	<u>44,249</u>	<u>36,212</u>	<u>8,037</u>
Total Expenditures	<u>1,949,230</u>	<u>1,996,043</u>	<u>1,866,380</u>	<u>129,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(136,468)	(173,281)	(13,058)	160,223
Fund Balance at Beginning of Year	<u>275,438</u>	<u>275,438</u>	<u>275,438</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 138,970</u>	<u>\$ 102,157</u>	<u>\$ 262,380</u>	<u>\$ 160,223</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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<b>SPECIAL IMPROVEMENT DISTRICT FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Special Assessments	\$ 84,200	\$ 84,200	\$ 63,139	\$ (21,061)
Total Revenues	<u>84,200</u>	<u>84,200</u>	<u>63,139</u>	<u>(21,061)</u>
<b>Expenditures:</b>				
Community Environment:				
Operations and Maintenance	84,200	63,139	63,139	0
Total Expenditures	<u>84,200</u>	<u>63,139</u>	<u>63,139</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	21,061	0	(21,061)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 21,061</u>	<u>\$ 0</u>	<u>\$ (21,061)</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

<b>LANCASTER PUBLIC TRANSIT PROGRAM FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,679,175	\$ 1,679,175	\$ 1,064,383	\$ (614,792)
Charges for Services	503,000	503,000	256,952	(246,048)
All Other Revenues	31,250	31,250	52,489	21,239
Total Revenues	<u>2,213,425</u>	<u>2,213,425</u>	<u>1,373,824</u>	<u>(839,601)</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	82,460	81,293	76,898	4,395
Operations and Maintenance	1,630,628	1,125,515	1,116,269	9,246
Capital Outlay	577,903	276,156	275,973	183
Total Expenditures	<u>2,290,991</u>	<u>1,482,964</u>	<u>1,469,140</u>	<u>13,824</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,566)	730,461	(95,316)	(825,777)
<b>Other Financing Sources (Uses):</b>				
Transfers In	73,000	73,000	73,000	0
Total Other Financing Sources (Uses)	<u>73,000</u>	<u>73,000</u>	<u>73,000</u>	<u>0</u>
Net Change in Fund Balance	(4,566)	803,461	(22,316)	(825,777)
Fund Balance at Beginning of Year	32,642	32,642	32,642	0
Prior Year Encumbrances	4,619	4,619	4,619	0
Fund Balance at End of Year	<u>\$ 32,695</u>	<u>\$ 840,722</u>	<u>\$ 14,945</u>	<u>\$ (825,777)</u>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

<b>911 TARIFF FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 85,000	\$ 85,000	\$ 91,971	\$ 6,971
All Other Revenues	<u>0</u>	<u>0</u>	<u>1,100</u>	<u>1,100</u>
Total Revenues	<u>85,000</u>	<u>85,000</u>	<u>93,071</u>	<u>8,071</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	196,795	204,549	194,124	10,425
Operations and Maintenance	<u>32,287</u>	<u>43,787</u>	<u>35,875</u>	<u>7,912</u>
Total Expenditures	<u>229,082</u>	<u>248,336</u>	<u>229,999</u>	<u>18,337</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(144,082)	(163,336)	(136,928)	26,408
Fund Balance at Beginning of Year	227,627	227,627	227,627	0
Prior Year Encumbrances	<u>32,287</u>	<u>32,287</u>	<u>32,287</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 115,832</u>	<u>\$ 96,578</u>	<u>\$ 122,986</u>	<u>\$ 26,408</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4</u>	<u>\$ 4</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>4</u>	<u>4</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	4	4
Fund Balance at Beginning of Year	<u>424</u>	<u>424</u>	<u>424</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 424</u>	<u>\$ 424</u>	<u>\$ 428</u>	<u>\$ 4</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

**LAW DIRECTOR VICTIM ASSISTANCE FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 45,610	\$ 45,610	\$ 45,720	\$ 110
All Other Revenues	0	0	320	320
Total Revenues	<u>45,610</u>	<u>45,610</u>	<u>46,040</u>	<u>430</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	(5,712)	12,760	11,915	845
Operations and Maintenance	<u>64,931</u>	<u>67,431</u>	<u>56,853</u>	<u>10,578</u>
Total Expenditures	<u>59,219</u>	<u>80,191</u>	<u>68,768</u>	<u>11,423</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,609)	(34,581)	(22,728)	11,853
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>14,804</u>	<u>35,776</u>	<u>35,776</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>14,804</u>	<u>35,776</u>	<u>35,776</u>	<u>0</u>
Net Change in Fund Balance	1,195	1,195	13,048	11,853
Fund Balance at Beginning of Year	<u>8,246</u>	<u>8,246</u>	<u>8,246</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,441</u>	<u>\$ 9,441</u>	<u>\$ 21,294</u>	<u>\$ 11,853</u>



**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 149,215	\$ 149,215	\$ 118,063	\$ (31,152)
Total Revenues	<u>149,215</u>	<u>149,215</u>	<u>118,063</u>	<u>(31,152)</u>
<b>Expenditures:</b>				
Community Environment:				
Personal Services	145,215	145,215	135,118	10,097
Operations and Maintenance	<u>4,000</u>	<u>4,000</u>	<u>1,845</u>	<u>2,155</u>
Total Expenditures	<u>149,215</u>	<u>149,215</u>	<u>136,963</u>	<u>12,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(18,900)	(18,900)
Fund Balance at Beginning of Year	<u>60,189</u>	<u>60,189</u>	<u>60,189</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 60,189</u>	<u>\$ 60,189</u>	<u>\$ 41,289</u>	<u>\$ (18,900)</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Operations and Maintenance	<u>0</u>	<u>7,097</u>	<u>7,097</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>7,097</u>	<u>7,097</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(7,097)	(7,097)	0
Fund Balance at Beginning of Year	<u>7,097</u>	<u>7,097</u>	<u>7,097</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,097</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 432,000	\$ 432,000	\$ 399,629	\$ (32,371)
Intergovernmental Revenues	48,486	48,486	48,486	0
Total Revenues	<u>480,486</u>	<u>480,486</u>	<u>448,115</u>	<u>(32,371)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	473,286	449,499	449,499	0
Operations and Maintenance	7,200	7,126	7,126	0
Total Expenditures	<u>480,486</u>	<u>456,625</u>	<u>456,625</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	23,861	(8,510)	(32,371)
Fund Balance at Beginning of Year	<u>17,265</u>	<u>17,265</u>	<u>17,265</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,265</u>	<u>\$ 41,126</u>	<u>\$ 8,755</u>	<u>\$ (32,371)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 266,615</u>	<u>\$ 266,615</u>	<u>\$ 179,509</u>	<u>\$ (87,106)</u>
Total Revenues	<u>266,615</u>	<u>266,615</u>	<u>179,509</u>	<u>(87,106)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	<u>266,615</u>	<u>202,609</u>	<u>202,609</u>	<u>0</u>
Total Expenditures	<u>266,615</u>	<u>202,609</u>	<u>202,609</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	64,006	(23,100)	(87,106)
Fund Balance at Beginning of Year	<u>23,100</u>	<u>23,100</u>	<u>23,100</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 23,100</u>	<u>\$ 87,106</u>	<u>\$ 0</u>	<u>\$ (87,106)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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**FAIRFIELD COUNTY COURT SURVEILLANCE FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 84,791	\$ 84,791	\$ 84,791	\$ 0
All Other Revenues	<u>0</u>	<u>0</u>	<u>383</u>	<u>383</u>
Total Revenues	<u>84,791</u>	<u>84,791</u>	<u>85,174</u>	<u>383</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	68,798	68,798	66,755	2,043
Operations and Maintenance	<u>15,993</u>	<u>15,993</u>	<u>14,328</u>	<u>1,665</u>
Total Expenditures	<u>84,791</u>	<u>84,791</u>	<u>81,083</u>	<u>3,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	4,091	4,091
Fund Balance at Beginning of Year	<u>38,455</u>	<u>38,455</u>	<u>38,455</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 38,455</u>	<u>\$ 38,455</u>	<u>\$ 42,546</u>	<u>\$ 4,091</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 39,328</u>	<u>\$ (10,672)</u>
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>39,328</u>	<u>(10,672)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Operations and Maintenance	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Expenditures	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(10,672)	(10,672)
Fund Balance at Beginning of Year	<u>180,329</u>	<u>180,329</u>	<u>180,329</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 180,329</u>	<u>\$ 180,329</u>	<u>\$ 169,657</u>	<u>\$ (10,672)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 0	\$ 0	\$ 1,844	\$ 1,844
Total Revenues	<u>0</u>	<u>0</u>	<u>1,844</u>	<u>1,844</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,844	1,844
Fund Balance at Beginning of Year	<u>80,704</u>	<u>80,704</u>	<u>80,704</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 78,204</u>	<u>\$ 78,204</u>	<u>\$ 82,548</u>	<u>\$ 4,344</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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**MUNICIPAL COURT JUDICIAL COMPUTER FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 49,543	\$ 4,543
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>49,543</u>	<u>4,543</u>
<b>Expenditures:</b>				
General Government:				
Operations and Maintenance	85,000	95,000	42,707	52,293
Capital Outlay	<u>150,000</u>	<u>140,000</u>	<u>0</u>	<u>140,000</u>
Total Expenditures	<u>235,000</u>	<u>235,000</u>	<u>42,707</u>	<u>192,293</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,000)	(190,000)	6,836	196,836
Fund Balance at Beginning of Year	<u>203,223</u>	<u>203,223</u>	<u>203,223</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,223</u>	<u>\$ 13,223</u>	<u>\$ 210,059</u>	<u>\$ 196,836</u>



**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 33,292	\$ 33,292	\$ 41,000	\$ 7,708
Fines and Forfeitures	440,000	440,000	373,675	(66,325)
All Other Revenues	<u>0</u>	<u>0</u>	<u>2,288</u>	<u>2,288</u>
Total Revenues	<u>473,292</u>	<u>473,292</u>	<u>416,963</u>	<u>(56,329)</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	492,382	492,382	427,378	65,004
Operations and Maintenance	<u>17,500</u>	<u>17,500</u>	<u>15,475</u>	<u>2,025</u>
Total Expenditures	<u>509,882</u>	<u>509,882</u>	<u>442,853</u>	<u>67,029</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,590)	(36,590)	(25,890)	10,700
Fund Balance at Beginning of Year	<u>210,070</u>	<u>210,070</u>	<u>210,070</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 173,480</u>	<u>\$ 173,480</u>	<u>\$ 184,180</u>	<u>\$ 10,700</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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**MUNICIPAL COURT COMPUTERIZATION FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 185,000	\$ 185,000	\$ 201,159	\$ 16,159
All Other Revenues	<u>0</u>	<u>0</u>	<u>581</u>	<u>581</u>
Total Revenues	<u>185,000</u>	<u>185,000</u>	<u>201,740</u>	<u>16,740</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	98,742	98,742	97,234	1,508
Operations and Maintenance	253,258	253,258	81,765	171,493
Capital Outlay	<u>140,000</u>	<u>140,000</u>	<u>85,358</u>	<u>54,642</u>
Total Expenditures	<u>492,000</u>	<u>492,000</u>	<u>264,357</u>	<u>227,643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(307,000)	(307,000)	(62,617)	244,383
Fund Balance at Beginning of Year	<u>380,660</u>	<u>380,660</u>	<u>380,660</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 73,660</u>	<u>\$ 73,660</u>	<u>\$ 318,043</u>	<u>\$ 244,383</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

**MUNICIPAL COURT SPECIAL PROJECTS FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 540,000	\$ 540,000	\$ 613,649	\$ 73,649
All Other Revenues	0	0	1,195	1,195
Total Revenues	<u>540,000</u>	<u>540,000</u>	<u>614,844</u>	<u>74,844</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	72,525	72,525	71,822	703
Operations and Maintenance	452,741	604,741	508,435	96,306
Capital Outlay	<u>715,000</u>	<u>563,000</u>	<u>30,114</u>	<u>532,886</u>
Total Expenditures	<u>1,240,266</u>	<u>1,240,266</u>	<u>610,371</u>	<u>629,895</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(700,266)	(700,266)	4,473	704,739
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(60,200)</u>	<u>(60,200)</u>	<u>(60,200)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(60,200)</u>	<u>(60,200)</u>	<u>(60,200)</u>	<u>0</u>
Net Change in Fund Balance	(760,466)	(760,466)	(55,727)	704,739
Fund Balance at Beginning of Year	1,707,241	1,707,241	1,707,241	0
Prior Year Encumbrances	<u>441</u>	<u>441</u>	<u>441</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 947,216</u>	<u>\$ 947,216</u>	<u>\$ 1,651,955</u>	<u>\$ 704,739</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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**MUNICIPAL COURT FAMILY VIOLENCE FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,001</u>	<u>\$ 1,001</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>1,001</u>	<u>1,001</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,001	1,001
Fund Balance at Beginning of Year	<u>16,278</u>	<u>16,278</u>	<u>16,278</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,278</u>	<u>\$ 16,278</u>	<u>\$ 17,279</u>	<u>\$ 1,001</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

<b>MUNICIPAL DRUG COURT FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 55,000	\$ 55,000	\$ 55,118	\$ 118
All Other Revenues	<u>0</u>	<u>0</u>	<u>1,419</u>	<u>1,419</u>
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>56,537</u>	<u>1,537</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	100,419	100,419	98,849	1,570
Operations and Maintenance	<u>43,500</u>	<u>43,500</u>	<u>32,652</u>	<u>10,848</u>
Total Expenditures	<u>143,919</u>	<u>143,919</u>	<u>131,501</u>	<u>12,418</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(88,919)	(88,919)	(74,964)	13,955
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>75,000</u>	<u>75,000</u>	<u>60,200</u>	<u>(14,800)</u>
Total Other Financing Sources (Uses)	<u>75,000</u>	<u>75,000</u>	<u>60,200</u>	<u>(14,800)</u>
Net Change in Fund Balance	(13,919)	(13,919)	(14,764)	(845)
Fund Balance at Beginning of Year	<u>27,182</u>	<u>27,182</u>	<u>27,182</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,263</u>	<u>\$ 13,263</u>	<u>\$ 12,418</u>	<u>\$ (845)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Operations and Maintenance	<u>0</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>7,000</u>	<u>7,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(7,000)	(7,000)	0
Fund Balance at Beginning of Year	<u>12,600</u>	<u>12,600</u>	<u>12,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,600</u>	<u>\$ 5,600</u>	<u>\$ 5,600</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 44,832	\$ 54,787	\$ 9,955
Total Revenues	<u>0</u>	<u>44,832</u>	<u>54,787</u>	<u>9,955</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	0	72,032	54,399	17,633
Total Expenditures	<u>0</u>	<u>72,032</u>	<u>54,399</u>	<u>17,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(27,200)	388	27,588
Fund Balance at Beginning of Year	<u>27,200</u>	<u>27,200</u>	<u>27,200</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 27,200</u>	<u>\$ 0</u>	<u>\$ 27,588</u>	<u>\$ 27,588</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	<u>\$ 0</u>	<u>\$ 111,489</u>	<u>\$ 109,150</u>	<u>\$ (2,339)</u>
Total Revenues	<u>0</u>	<u>111,489</u>	<u>109,150</u>	<u>(2,339)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Operations and Maintenance	<u>0</u>	<u>109,150</u>	<u>109,150</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>109,150</u>	<u>109,150</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	2,339	0	(2,339)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 2,339</u>	<u>\$ 0</u>	<u>\$ (2,339)</u>



**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

**.15 FIRE LEVY FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,395,262	\$ 1,395,262	\$ 1,395,262	\$ 0
Total Revenues	<u>1,395,262</u>	<u>1,395,262</u>	<u>1,395,262</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	<u>1,395,262</u>	<u>1,395,262</u>	<u>1,395,262</u>	<u>0</u>
Total Expenditures	<u>1,395,262</u>	<u>1,395,262</u>	<u>1,395,262</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>0</u>	<u>0</u>	<u>849,180</u>	<u>849,180</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>849,180</u>	<u>849,180</u>
Net Change in Fund Balance	0	0	849,180	849,180
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 849,180</u>	<u>\$ 849,180</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 756,494	\$ 1,234,428	\$ 506,855	\$ (727,573)
All Other Revenues	<u>7,800</u>	<u>7,800</u>	<u>9,865</u>	<u>2,065</u>
Total Revenues	<u>764,294</u>	<u>1,242,228</u>	<u>516,720</u>	<u>(725,508)</u>
<b>Expenditures:</b>				
Community Environment:				
Operations and Maintenance	42,158	42,158	1,576	40,582
Capital Outlay	<u>722,585</u>	<u>458,371</u>	<u>384,629</u>	<u>73,742</u>
Total Community Environment	<u>764,743</u>	<u>500,529</u>	<u>386,205</u>	<u>114,324</u>
Debt Service:				
Principal Retirement	90,000	90,000	90,000	0
Interest and Fiscal Charges	<u>19,079</u>	<u>19,079</u>	<u>19,079</u>	<u>0</u>
Total Debt Service	<u>109,079</u>	<u>109,079</u>	<u>109,079</u>	<u>0</u>
Total Expenditures	<u>873,822</u>	<u>609,608</u>	<u>495,284</u>	<u>114,324</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,528)	632,620	21,436	(611,184)
Fund Balance at Beginning of Year	<u>134,327</u>	<u>134,327</u>	<u>134,327</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,799</u>	<u>\$ 766,947</u>	<u>\$ 155,763</u>	<u>\$ (611,184)</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 94,000	\$ 94,000	\$ 93,277	\$ (723)
Investment Earnings	6,000	6,000	6,094	94
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>99,371</u>	<u>(629)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	100,000	99,371	(629)
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Net Change in Fund Balance	100,000	0	(629)	(629)
Fund Balance at Beginning of Year	<u>212,512</u>	<u>212,512</u>	<u>212,512</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 312,512</u>	<u>\$ 212,512</u>	<u>\$ 211,883</u>	<u>\$ (629)</u>

**CITY OF LANCASTER, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2013***

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**CEMETERY INTERMENT FUND**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 0	\$ 0	\$ 14,535	\$ 14,535
Investment Earnings	<u>0</u>	<u>0</u>	<u>901</u>	<u>901</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>15,436</u>	<u>15,436</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Operations and Maintenance	<u>32,000</u>	<u>32,000</u>	<u>25,795</u>	<u>6,205</u>
Total Expenditures	<u>32,000</u>	<u>32,000</u>	<u>25,795</u>	<u>6,205</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,000)	(32,000)	(10,359)	21,641
Fund Balance at Beginning of Year	<u>299,870</u>	<u>299,870</u>	<u>299,870</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 267,870</u>	<u>\$ 267,870</u>	<u>\$ 289,511</u>	<u>\$ 21,641</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 133,972	\$ 133,972	\$ 133,972	\$ 0
Total Revenues	<u>133,972</u>	<u>133,972</u>	<u>133,972</u>	<u>0</u>
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	313,442	313,442	313,442	0
Interest and Fiscal Charges	<u>125,817</u>	<u>125,817</u>	<u>125,817</u>	<u>0</u>
Total Expenditures	<u>439,259</u>	<u>439,259</u>	<u>439,259</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(305,287)	(305,287)	(305,287)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>305,287</u>	<u>305,287</u>	<u>305,287</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>305,287</u>	<u>305,287</u>	<u>305,287</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>91,191</u>	<u>91,191</u>	<u>91,191</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 91,191</u>	<u>\$ 91,191</u>	<u>\$ 91,191</u>	<u>\$ 0</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Special Assessments	\$ 37,250	\$ 37,250	\$ 36,571	\$ (679)
Total Revenues	<u>37,250</u>	<u>37,250</u>	<u>36,571</u>	<u>(679)</u>
<b>Expenditures:</b>				
General Government:				
Operations and Maintenance	2,000	2,000	1,584	416
Debt Service:				
Principal Retirement	19,000	19,000	19,000	0
Interest and Fiscal Charges	<u>10,500</u>	<u>10,500</u>	<u>10,500</u>	<u>0</u>
Total Expenditures	<u>31,500</u>	<u>31,500</u>	<u>31,084</u>	<u>416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,750	5,750	5,487	(263)
Fund Balance at Beginning of Year	<u>37,270</u>	<u>37,270</u>	<u>37,270</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 43,020</u>	<u>\$ 43,020</u>	<u>\$ 42,757</u>	<u>\$ (263)</u>

**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013***

<b>LDOT IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
All Other Revenues	\$ 0	\$ 92,000	\$ 92,000	\$ 0
Total Revenues	<u>0</u>	<u>92,000</u>	<u>92,000</u>	<u>0</u>
<b>Expenditures:</b>				
Capital Outlay	0	164,956	0	164,956
Total Expenditures	<u>0</u>	<u>164,956</u>	<u>0</u>	<u>164,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(72,956)	92,000	164,956
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	72,956	72,956	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>72,956</u>	<u>72,956</u>	<u>0</u>
Net Change in Fund Balance	0	0	164,956	164,956
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 164,956</u>	<u>\$ 164,956</u>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

<b>FIRE CAPITAL IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Debt Service:				
Interest and Fiscal Charges	0	575	575	0
Total Expenditures	0	575	575	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(575)	(575)	0
<b>Other Financing Sources (Uses):</b>				
Installment Loan	0	470,575	470,575	0
Advances In	470,000	470,000	470,000	0
Advances Out	(470,000)	(940,000)	(940,000)	0
Total Other Financing Sources (Uses)	0	575	575	0
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	24,129	24,129	24,129	0
Fund Balance at End of Year	\$ 24,129	\$ 24,129	\$ 24,129	\$ 0



**CITY OF LANCASTER, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013***

<b>FIRE IMPACT-DISTRICT ONE FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 80,000	\$ 80,000	\$ 623,151	\$ 543,151
Total Revenues	<u>80,000</u>	<u>80,000</u>	<u>623,151</u>	<u>543,151</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Capital Outlay	447,337	491,327	491,327	0
Debt Service:				
Principal Retirement	0	57,793	57,793	0
Interest and Fiscal Charges	<u>0</u>	<u>14,028</u>	<u>14,028</u>	<u>0</u>
Total Expenditures	<u>447,337</u>	<u>563,148</u>	<u>563,148</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(367,337)	(483,148)	60,003	543,151
Fund Balance at Beginning of Year	303,511	303,511	303,511	0
Prior Year Encumbrances	<u>447,337</u>	<u>447,337</u>	<u>447,337</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 383,511</u>	<u>\$ 267,700</u>	<u>\$ 810,851</u>	<u>\$ 543,151</u>

**CITY OF LANCASTER, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2013**

<b>ETY ROAD TIF PROJECT FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 400,000	\$ 467,754	\$ 467,754	\$ 0
All Other Revenues	0	3,513	3,513	0
Total Revenues	<u>400,000</u>	<u>471,267</u>	<u>471,267</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Operations and Maintenance	28,400	28,400	21,563	6,837
Capital Outlay	0	102,500	102,500	0
Debt Service:				
Principal Retirement	285,000	1,955,697	1,952,183	3,514
Interest and Fiscal Charges	46,819	84,330	84,330	0
Total Expenditures	<u>360,219</u>	<u>2,170,927</u>	<u>2,160,576</u>	<u>10,351</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,781	(1,699,660)	(1,689,309)	10,351
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	0	1,693,749	1,693,749	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,693,749</u>	<u>1,693,749</u>	<u>0</u>
Net Change in Fund Balance	39,781	(5,911)	4,440	10,351
Fund Balance at Beginning of Year	493	493	493	0
Prior Year Encumbrances	10,000	10,000	10,000	0
Fund Balance at End of Year	<u>\$ 50,274</u>	<u>\$ 4,582</u>	<u>\$ 14,933</u>	<u>\$ 10,351</u>

**CITY OF LANCASTER, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Funds  
For the Year Ended December 31, 2013**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,832</u>	<u>\$ 28,832</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>28,832</u>	<u>28,832</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	28,832	28,832
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>0</u>
Net Change in Fund Balance	0	(75,000)	(46,168)	28,832
Fund Balance at Beginning of Year	<u>1,047,908</u>	<u>1,047,908</u>	<u>1,047,908</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,047,908</u>	<u>\$ 972,908</u>	<u>\$ 1,001,740</u>	<u>\$ 28,832</u>

***Internal Service Funds***

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These funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

**Utilities Collection Fund**

To account for the operation of the utility collections department for services provided to the gas, water, water pollution and sanitation departments. The funds using the utility billing services are charged for the cost of operation.

**Information Services Fund**

To account for the operation of the information services department for services provided for all departments within the City.

**Health Insurance Management Fund**

To account for the accumulation and allocation of costs associated with providing health care benefits to employees.

**CITY OF LANCASTER, OHIO**

***Combining Statement of Net Position  
Internal Service Funds  
December 31, 2013***

	Utilities Collection	Information Services	Health Insurance Management	Total
<b>Assets:</b>				
<i>Current Assets:</i>				
Cash and Cash Equivalents	\$ 405,782	\$ 558,843	\$ 63,277	\$ 1,027,902
Cash and Cash Equivalents with Fiscal Agent	0	0	3,490,585	3,490,585
<i>Receivables:</i>				
Inventory of Supplies at Cost	18,647	3,117	0	21,764
Prepaid Items	368	0	0	368
<b>Total Current Assets</b>	<b>424,797</b>	<b>561,960</b>	<b>3,553,862</b>	<b>4,540,619</b>
<i>Non Current Assets:</i>				
Capital Assets Not Being Depreciated	0	35,000	0	35,000
Capital Assets Being Depreciated, Net	68,653	802,670	0	871,323
Total capital assets (net of accumulated depreciation)	68,653	837,670	0	906,323
<b>Total Assets</b>	<b>493,450</b>	<b>1,399,630</b>	<b>3,553,862</b>	<b>5,446,942</b>
<b>Liabilities:</b>				
<i>Current Liabilities:</i>				
Accounts Payable	15,073	86,022	0	101,095
Accrued Wages and Benefits	56,511	35,110	0	91,621
Claims Payable	0	0	651,557	651,557
Accrued Interest Payable	0	348	0	348
Capital Lease Payable-Current	1,006	0	0	1,006
Installment Loan Payable - Current	0	58,313	0	58,313
Compensated Absences Payable - Current	3,424	13,492	0	16,916
<b>Total Current Liabilities</b>	<b>76,014</b>	<b>193,285</b>	<b>651,557</b>	<b>920,856</b>
<i>Long Term Liabilities:</i>				
Compensated Absences Payable	209,118	111,128	0	320,246
Installment Loans Payable	0	184,972	0	184,972
<b>Total Liabilities</b>	<b>285,132</b>	<b>489,385</b>	<b>651,557</b>	<b>1,426,074</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	67,647	594,385	0	662,032
Unrestricted	140,671	315,860	2,902,305	3,358,836
<b>Total Net Position</b>	<b>\$ 208,318</b>	<b>\$ 910,245</b>	<b>\$ 2,902,305</b>	<b>\$ 4,020,868</b>

**CITY OF LANCASTER, OHIO**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
For the Year Ended December 31, 2013**

	Utilities Collection	Information Services	Health Insurance Management	Total
<b>Operating Revenues:</b>				
Charges for Services	\$ 1,631,753	\$ 734,313	\$ 6,103,393	\$ 8,469,459
Other Operating Revenue	52,039	3,956	0	55,995
<b>Total Operating Revenues</b>	<u>1,683,792</u>	<u>738,269</u>	<u>6,103,393</u>	<u>8,525,454</u>
<b>Operating Expenses:</b>				
Personal Services	1,001,994	546,608	0	1,548,602
Contractual Services	288,847	91,550	0	380,397
Materials and Supplies	176,831	43,654	0	220,485
Depreciation	15,558	68,912	0	84,470
Health Insurance Claims	0	0	6,462,009	6,462,009
<b>Total Operating Expenses</b>	<u>1,483,230</u>	<u>750,724</u>	<u>6,462,009</u>	<u>8,695,963</u>
Operating Income (Loss)	200,562	(12,455)	(358,616)	(170,509)
<b>Nonoperating Revenue (Expenses):</b>				
Interest Expense	0	(7,692)	0	(7,692)
Loss on Disposal of Capital Assets	0	(940)	0	(940)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>0</u>	<u>(8,632)</u>	<u>0</u>	<u>(8,632)</u>
Income (Loss) Before Operating Transfers	200,562	(21,087)	(358,616)	(179,141)
Transfers In	0	178,688	0	178,688
Change in Net Position	200,562	157,601	(358,616)	(453)
Net Position Beginning of Year	7,756	752,644	3,260,921	4,021,321
Net Position End of Year	<u>\$ 208,318</u>	<u>\$ 910,245</u>	<u>\$ 2,902,305</u>	<u>\$ 4,020,868</u>

**CITY OF LANCASTER, OHIO**

***Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2013***

	Utilities Collection	Information Services	Health Insurance Management	Totals
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Interfund Services	\$1,683,792	\$738,269	\$6,103,393	\$8,525,454
Cash Payments for Goods and Services	(471,593)	(138,731)	0	(610,324)
Cash Payments to and on behalf of Employees	(1,015,752)	(531,683)	0	(1,547,435)
Cash Payments for Claims	0	0	(6,146,865)	(6,146,865)
Net Cash Provided (Used) by Operating Activities	196,447	67,855	(43,472)	220,830
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	0	178,688	0	178,688
Net Cash Provided by Noncapital Financing Activities	0	178,688	0	178,688
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(11,000)	(469,959)	0	(480,959)
Principal Paid on Installment Loan	0	(56,715)	0	(56,715)
Capital Lease Payments	(2,834)	0	0	(2,834)
Interest Paid on All Debt	0	(7,773)	0	(7,773)
Net Cash Used by Capital and Related Financing Activities	(13,834)	(534,447)	0	(548,281)
Net Increase (Decrease) in Cash and Cash Equivalents	182,613	(287,904)	(43,472)	(148,763)
Cash and Cash Equivalents at Beginning of Year	223,169	846,747	3,597,334	4,667,250
Cash and Cash Equivalents at End of Year	\$405,782	\$558,843	\$3,553,862	\$4,518,487
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>				
Operating Income (Loss)	\$200,562	(\$12,455)	(\$358,616)	(\$170,509)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	15,558	68,912	0	84,470
Changes in Assets and Liabilities:				
Decrease in Inventory	10,792	0	0	10,792
Decrease in Prepaid Items	35	0	0	35
Decrease in Accounts Payable	(16,665)	(3,539)	0	(20,204)
Increase in Accrued Wages and Benefits	692	1,951	0	2,643
Increase (Decrease) in Compensated Absences	(14,527)	12,986	0	(1,541)
Increase in Claims Payable	0	0	315,144	315,144
Total Adjustments	(4,115)	80,310	315,144	391,339
Net Cash Provided (Used) by Operating Activities	\$196,447	\$67,855	(\$43,472)	\$220,830

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2013 the Information Services Fund had outstanding liabilities of \$67,609 for certain capital assets.

***Fiduciary Funds***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***Agency Funds***

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**Street Deposit Fund**

Established to account for monies deposited with the City by individuals who intend to excavate portions of the City streets or sidewalks.

**Municipal Court Fund**

Established to account for monies that flow through the Clerk of Courts Office.

**Law Library Fund**

Established to account for accumulation and distribution of resources for the law library.



***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2013***

	Balance December 31, 2012	Additions	Deductions	Balance December 31, 2013
<b><u>Street Deposit Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$6,500	\$500	\$0	\$7,000
Total Assets	<u>\$6,500</u>	<u>\$500</u>	<u>\$0</u>	<u>\$7,000</u>
Liabilities:				
Due to Others	\$6,500	\$500	\$0	\$7,000
Total Liabilities	<u>\$6,500</u>	<u>\$500</u>	<u>\$0</u>	<u>\$7,000</u>
<b><u>Municipal Court Fund</u></b>				
Assets:				
Cash with Fiscal Agent	\$162,412	\$5,069,651	(\$5,052,520)	\$179,543
Total Assets	<u>\$162,412</u>	<u>\$5,069,651</u>	<u>(\$5,052,520)</u>	<u>\$179,543</u>
Liabilities:				
Due to Other Funds	\$2,756	\$2,127,012	(\$2,125,263)	\$4,505
Intergovernmental Payable	0	1,054,940	(1,054,940)	0
Due to Others	159,656	1,887,699	(1,872,317)	175,038
Total Liabilities	<u>\$162,412</u>	<u>\$5,069,651</u>	<u>(\$5,052,520)</u>	<u>\$179,543</u>
<b><u>Law Library Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$0	\$45,846	(\$45,846)	\$0
Due from Other Funds	2,756	4,505	(2,756)	4,505
Total Assets	<u>\$2,756</u>	<u>\$50,351</u>	<u>(\$48,602)</u>	<u>\$4,505</u>
Liabilities:				
Intergovernmental Payable	\$2,756	\$50,351	(\$48,602)	\$4,505
Total Liabilities	<u>\$2,756</u>	<u>\$50,351</u>	<u>(\$48,602)</u>	<u>\$4,505</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$168,912	\$5,115,997	(\$5,098,366)	\$186,543
Due from Other Funds	2,756	4,505	(2,756)	4,505
Total Assets	<u>\$171,668</u>	<u>\$5,120,502</u>	<u>(\$5,101,122)</u>	<u>\$191,048</u>
Liabilities:				
Due to Other Funds	\$2,756	\$2,127,012	(\$2,125,263)	\$4,505
Intergovernmental Payables	2,756	1,105,291	(1,103,542)	4,505
Due to Others	166,156	1,888,199	(1,872,317)	182,038
Total Liabilities	<u>\$171,668</u>	<u>\$5,120,502</u>	<u>(\$5,101,122)</u>	<u>\$191,048</u>



# *STATISTICAL SECTION*

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## ***STATISTICAL TABLES***

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This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

### ***Contents***

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue source which is income tax.	
<b>Debt Capacity</b>	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 32 – S 39
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

## *City of Lancaster*

*Net Position by Component  
Last Ten Years  
(accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$20,574,646	\$21,352,341	\$23,975,773	\$25,645,197
Restricted	6,966,940	7,689,262	7,586,314	9,988,647
Unrestricted	4,442,545	5,041,192	4,724,339	4,038,840
Total Governmental Activities Net Position	<u>\$31,984,131</u>	<u>\$34,082,795</u>	<u>\$36,286,426</u>	<u>\$39,672,684</u>
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	\$26,504,751	\$28,994,290	\$30,722,799	\$33,974,969
Restricted	978,578	1,018,993	1,054,021	1,051,465
Unrestricted (Deficit)	22,452,273	26,856,616	31,203,849	30,810,822
Total Business-type Activities Net Position	<u>\$49,935,602</u>	<u>\$56,869,899</u>	<u>\$62,980,669</u>	<u>\$65,837,256</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$47,079,397	\$50,346,631	\$54,698,572	\$59,620,166
Restricted	7,945,518	8,708,255	8,640,335	11,040,112
Unrestricted	26,894,818	31,897,808	35,928,188	34,849,662
Total Primary Government Net Position	<u>\$81,919,733</u>	<u>\$90,952,694</u>	<u>\$99,267,095</u>	<u>\$105,509,940</u>

Source: City Auditor's Office

*City of Lancaster*

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2008	Restated 2009	2010	Restated 2011	2012	2013
\$29,763,541	\$30,016,277	\$29,963,075	\$29,585,924	\$30,705,182	\$34,859,182
7,482,942	8,350,592	8,914,509	10,612,142	10,328,275	10,580,754
2,697,692	2,643,683	1,265,734	169,239	3,783,554	5,391,809
<u>\$39,944,175</u>	<u>\$41,010,552</u>	<u>\$40,143,318</u>	<u>\$40,367,305</u>	<u>\$44,817,011</u>	<u>\$50,831,745</u>
\$37,984,626	\$38,448,219	\$42,163,722	\$40,715,175	\$40,307,130	\$42,495,213
2,561,847	3,854,911	2,553,537	2,553,685	2,479,228	2,469,200
25,478,180	1,665,210	(10,991,395)	(23,896,398)	(32,023,328)	(41,515,012)
<u>\$66,024,653</u>	<u>\$43,968,340</u>	<u>\$33,725,864</u>	<u>\$19,372,462</u>	<u>\$10,763,030</u>	<u>\$3,449,401</u>
\$67,748,167	\$68,464,496	\$72,126,797	\$70,301,099	\$71,012,312	\$77,354,395
10,044,789	12,205,503	11,468,046	13,165,827	12,807,503	13,049,954
28,175,872	4,308,893	(9,725,661)	(23,727,159)	(28,239,774)	(36,123,203)
<u>\$105,968,828</u>	<u>\$84,978,892</u>	<u>\$73,869,182</u>	<u>\$59,739,767</u>	<u>\$55,580,041</u>	<u>\$54,281,146</u>

## City of Lancaster

### Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$13,716,187	\$14,473,126	\$16,104,691	\$16,857,036
Public Health and Welfare Services	896,457	779,600	878,467	889,715
Leisure Time Activities	1,657,885	1,742,633	2,124,266	2,278,778
Community Environment	724,170	789,851	959,561	670,861
Transportation	4,366,390	4,378,695	4,342,096	5,109,759
General Government	6,571,065	6,949,947	7,223,816	9,709,530
Interest and Fiscal Charges	218,203	339,328	322,513	474,299
<i>Total Governmental Activities Expenses</i>	28,150,357	29,453,180	31,955,410	35,989,978
Business-type Activities:				
Gas	20,229,675	23,308,942	23,771,384	23,856,601
Water	7,990,566	8,014,591	8,513,968	8,508,514
Water Pollution	6,656,732	6,539,509	7,226,506	7,387,509
Sanitation	2,956,661	2,921,855	3,033,340	3,149,630
Storm Water	600,286	706,217	1,159,357	1,797,201
Port Authority	0	0	0	0
<i>Total Business-type Activities Expenses</i>	38,433,920	41,491,114	43,704,555	44,699,455
<i>Total Primary Government Expenses</i>	\$66,584,277	\$70,944,294	\$75,659,965	\$80,689,433
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$1,986,291	\$1,932,337	\$1,871,567	\$2,056,919
Public Health and Welfare Services	273,345	260,032	270,286	260,296
Leisure Time Activities	332,834	360,817	369,508	364,720
Community Environment	0	105,422	100,329	101,951
Transportation	763,338	735,194	821,284	1,366,382
General Government	1,191,311	1,891,022	2,072,411	1,884,603
Operating Grants and Contributions	4,217,797	4,087,234	3,606,523	5,641,639
Capital Grants and Contributions	1,029,423	1,105,484	2,054,029	2,965,310
<i>Total Governmental Activities Program Revenues</i>	9,794,339	10,477,542	11,165,937	14,641,820



*City of Lancaster*

2008	2009	2010	Restated 2011	2012	2013
\$18,208,576	\$17,891,385	\$17,701,539	\$17,530,462	\$15,424,941	\$16,617,988
913,831	876,750	824,685	754,085	744,949	857,082
1,703,779	1,853,442	1,953,298	1,958,087	1,893,828	1,810,306
921,428	671,940	842,850	817,834	825,620	688,405
4,540,208	4,801,342	5,224,430	5,037,685	6,385,975	4,825,294
7,903,080	7,644,288	9,532,402	7,369,038	9,512,336	7,943,615
530,870	442,382	343,326	339,535	329,507	355,061
<u>34,721,772</u>	<u>34,181,529</u>	<u>36,422,530</u>	<u>33,806,726</u>	<u>35,117,156</u>	<u>33,097,751</u>
29,486,089	19,307,808	16,287,581	14,805,525	12,339,382	14,481,150
9,024,527	9,251,932	8,959,229	9,136,690	8,689,156	8,193,295
8,085,696	7,864,490	7,223,678	8,441,640	9,525,692	9,576,190
3,364,602	3,352,104	3,333,154	3,533,473	3,205,787	3,197,770
1,624,711	1,546,057	2,052,733	1,786,087	1,717,429	1,941,058
0	0	23,188,889	21,285,796	17,564,850	18,664,845
<u>51,585,625</u>	<u>41,322,391</u>	<u>61,045,264</u>	<u>58,989,211</u>	<u>53,042,296</u>	<u>56,054,308</u>
<u>\$86,307,397</u>	<u>\$75,503,920</u>	<u>\$97,467,794</u>	<u>\$92,795,937</u>	<u>\$88,159,452</u>	<u>\$89,152,059</u>
\$2,100,254	\$2,384,863	\$2,300,078	\$2,161,188	\$2,355,439	\$2,720,979
233,239	240,408	216,399	251,757	242,805	235,910
530,383	376,401	415,566	396,589	509,880	351,611
99,804	96,235	85,720	97,824	88,238	65,761
770,556	790,241	825,039	813,495	777,280	955,710
1,998,226	1,943,677	2,302,119	2,151,906	2,522,371	2,438,708
6,257,136	5,070,598	4,358,354	5,523,719	8,668,164	5,242,074
1,248,952	0	797,834	498,035	169,670	3,173,702
<u>13,238,550</u>	<u>10,902,423</u>	<u>11,301,109</u>	<u>11,894,513</u>	<u>15,333,847</u>	<u>15,184,455</u>

(continued)

## City of Lancaster

### Changes in Net Position Last Ten Years (accrual basis of accounting)

	2004	2005	2006	2007
Business-type Activities:				
Charges for Services				
Gas	22,009,172	25,405,950	26,107,359	23,183,618
Water	8,286,110	8,388,041	8,616,566	9,320,183
Water Pollution	7,174,132	7,006,365	7,314,131	7,794,051
Sanitation	3,490,894	3,488,335	3,577,116	3,605,141
Storm Water	1,807,308	1,675,474	1,828,503	1,775,357
Port Authority	0	0	0	0
Operating Grants and Contributions	0	0	0	0
Capital Grants and Contributions	2,833,839	2,461,246	2,371,650	1,945,692
<i>Total Business-type</i>				
<i>Activities Program Revenues</i>	45,601,455	48,425,411	49,815,325	47,624,042
<i>Total Primary</i>				
<i>Government Program Revenues</i>	55,395,794	58,902,953	60,981,262	62,265,862
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(18,356,018)	(18,975,638)	(20,789,473)	(21,348,158)
Business-type Activities	7,167,535	6,934,297	6,110,770	2,924,587
<i>Total Primary Government</i>				
<i>Net (Expense)/Revenue</i>	(\$11,188,483)	(\$12,041,341)	(\$14,678,703)	(\$18,423,571)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$1,657,395	\$1,726,655	\$1,935,850	\$2,036,017
Special Purposes	346,940	373,293	413,013	432,511
Debt Service	0	0	0	0
Capital Outlay	0	0	0	0
Income Taxes	14,134,110	14,424,322	15,641,005	16,129,114
Other Local Taxes	391,507	626,179	516,698	550,548
Intergovernmental Revenue, Unrestricted	2,855,315	2,752,068	2,604,474	3,048,567
Investment Earnings	356,036	644,320	1,159,085	1,352,560
Miscellaneous	409,637	527,465	722,979	1,117,099
Transfers	218,643	0	0	68,000
<i>Total Governmental Activities</i>	20,369,583	21,074,302	22,993,104	24,734,416
Business-type Activities:				
Special Item - Legal Settlement	0	0	0	0
Transfers	(218,643)	0	0	(68,000)
<i>Total Business-type Activities</i>	(218,643)	0	0	(68,000)
<i>Total Primary Government</i>	\$20,150,940	\$21,074,302	\$22,993,104	\$24,666,416
<b>Change in Net Position</b>				
Governmental Activities	\$2,013,565	\$2,098,664	\$2,203,631	\$3,386,258
Business-type Activities	6,948,892	6,934,297	6,110,770	2,856,587
<i>Total Primary Government</i>				
<i>Change in Net Position</i>	\$8,962,457	\$9,032,961	\$8,314,401	\$6,242,845

Source: City Auditor's Office

*City of Lancaster*

2008	2009	2010	Restated 2011	2012	2013
26,425,358	22,023,964	17,258,590	15,206,268	12,786,252	15,121,742
8,626,257	8,408,759	8,243,228	7,917,801	8,172,166	7,891,739
8,194,701	8,231,224	8,708,143	10,010,386	10,620,930	11,082,399
3,570,408	3,592,904	3,572,689	3,583,806	3,687,918	3,635,892
1,745,794	1,899,584	2,107,985	2,327,529	2,726,348	2,956,331
0	0	9,350,923	8,626,192	5,798,134	7,748,116
0	146,543	194,145	256,255	163,697	198,065
1,340,484	47,589	1,042,287	144,389	432,880	106,395
<u>49,903,002</u>	<u>44,350,567</u>	<u>50,477,990</u>	<u>48,072,626</u>	<u>44,388,325</u>	<u>48,740,679</u>
<u>63,141,552</u>	<u>55,252,990</u>	<u>61,779,099</u>	<u>59,967,139</u>	<u>59,722,172</u>	<u>63,925,134</u>
(21,483,222)	(23,279,106)	(25,121,421)	(21,912,213)	(19,783,309)	(17,913,296)
(1,682,623)	3,028,176	(10,567,274)	(10,916,585)	(8,653,971)	(7,313,629)
<u>(\$23,165,845)</u>	<u>(\$20,250,930)</u>	<u>(\$35,688,695)</u>	<u>(\$32,828,798)</u>	<u>(\$28,437,280)</u>	<u>(\$25,226,925)</u>
\$1,946,225	\$2,093,725	\$1,914,780	\$1,967,069	\$1,787,647	\$1,775,753
383,601	417,000	394,315	446,119	404,582	392,439
0	0	228,307	332,919	332,419	331,819
0	0	258,061	38,576	158,607	135,935
17,366,985	17,456,314	17,212,521	15,838,417	18,218,093	17,948,988
577,976	517,840	543,579	585,100	617,585	618,634
3,170,617	2,739,915	3,076,212	2,313,912	1,493,621	1,794,651
802,558	529,545	328,465	326,671	272,735	110,281
588,164	806,267	622,745	308,819	992,265	819,530
(1,428,140)	(215,123)	(324,798)	(21,402)	(44,539)	0
<u>23,407,986</u>	<u>24,345,483</u>	<u>24,254,187</u>	<u>22,136,200</u>	<u>24,233,015</u>	<u>23,928,030</u>
441,880	0	0	0	0	0
1,428,140	215,123	324,798	21,402	44,539	0
<u>1,870,020</u>	<u>215,123</u>	<u>324,798</u>	<u>21,402</u>	<u>44,539</u>	<u>0</u>
<u>\$25,278,006</u>	<u>\$24,560,606</u>	<u>\$24,578,985</u>	<u>\$22,157,602</u>	<u>\$24,277,554</u>	<u>\$23,928,030</u>
\$1,924,764	\$1,066,377	(\$867,234)	\$223,987	\$4,449,706	\$6,014,734
187,397	3,243,299	(10,242,476)	(10,895,183)	(8,609,432)	(7,313,629)
<u>\$2,112,161</u>	<u>\$4,309,676</u>	<u>(\$11,109,710)</u>	<u>(\$10,671,196)</u>	<u>(\$4,159,726)</u>	<u>(\$1,298,895)</u>

## *City of Lancaster*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	336,003	332,621	447,451	290,959
Unreserved	<u>3,940,089</u>	<u>3,724,907</u>	<u>4,042,869</u>	<u>3,759,946</u>
<i>Total General Fund</i>	<u>4,276,092</u>	<u>4,057,528</u>	<u>4,490,320</u>	<u>4,050,905</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Unassigned	0	0	0	0
Reserved	2,472,534	2,571,986	2,776,859	2,829,102
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,581,905	3,084,591	3,035,341	3,580,847
Capital Projects Funds	<u>(17,171)</u>	<u>(306,634)</u>	<u>(1,543,724)</u>	<u>(4,231,667)</u>
<i>Total All Other Governmental Funds</i>	<u>5,037,268</u>	<u>5,349,943</u>	<u>4,268,476</u>	<u>2,178,282</u>
<i>Total Governmental Funds</i>	<u><u>\$9,313,360</u></u>	<u><u>\$9,407,471</u></u>	<u><u>\$8,758,796</u></u>	<u><u>\$6,229,187</u></u>

Source: City Auditor's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

*City of Lancaster*

2008	2009	2010	2011	2012	2013
\$0	\$0	\$0	\$211,052	\$237,825	\$218,362
0	0	0	430,940	1,581,288	1,242,718
0	0	0	3,341,770	3,614,790	5,251,121
269,862	309,687	311,485	0	0	0
3,153,883	2,829,674	3,362,329	0	0	0
<u>3,423,745</u>	<u>3,139,361</u>	<u>3,673,814</u>	<u>3,983,762</u>	<u>5,433,903</u>	<u>6,712,201</u>
0	0	0	2,919,211	3,037,984	3,019,060
0	0	0	5,972,886	5,980,246	6,525,938
0	0	0	1,000,075	1,560,269	1,323,924
0	0	0	(2,224,855)	(2,249,664)	(2,656,486)
2,801,159	3,044,531	3,023,660	0	0	0
3,670,910	4,082,531	4,848,172	0	0	0
(5,744,111)	(4,330,894)	(2,010,441)	0	0	0
<u>727,958</u>	<u>2,796,168</u>	<u>5,861,391</u>	<u>7,667,317</u>	<u>8,328,835</u>	<u>8,212,436</u>
<u>\$4,151,703</u>	<u>\$5,935,529</u>	<u>\$9,535,205</u>	<u>\$11,651,079</u>	<u>\$13,762,738</u>	<u>\$14,924,637</u>

## *City of Lancaster*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2004	2005	2006	2007
<b>Revenues:</b>				
Taxes	\$16,088,874	\$16,421,231	\$17,981,983	\$18,767,446
Intergovernmental Revenues	6,367,123	6,443,731	6,933,762	8,513,743
Charges for Services	3,586,258	4,132,594	4,232,866	4,710,409
Licenses and Permits	11,340	22,049	24,279	26,759
Investment Earnings	347,591	598,759	1,151,742	1,372,732
Special Assessments	36,873	144,634	136,327	140,058
Fines and Forfeitures	1,175,825	1,471,477	1,522,814	1,535,541
All Other Revenue	516,825	573,346	884,284	1,168,788
<b>Total Revenue</b>	<u>28,130,709</u>	<u>29,807,821</u>	<u>32,868,057</u>	<u>36,235,476</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	13,477,234	14,402,149	15,901,921	16,710,584
Public Health and Welfare Services	845,713	854,324	921,993	893,308
Leisure Time Activities	1,463,661	1,632,501	1,959,713	2,194,345
Community Environment	713,786	787,384	1,204,194	683,621
Transportation	4,001,483	3,672,615	3,805,510	4,094,796
General Government	6,121,410	6,929,816	6,946,297	7,784,196
Capital Outlay	899,156	1,151,747	2,221,974	7,193,369
Debt Service:				
Principal Retirement	4,168,086	4,254,086	259,586	265,086
Interest and Fiscal Charges	230,382	349,665	298,633	461,330
<b>Total Expenditures</b>	<u>31,920,911</u>	<u>34,034,287</u>	<u>33,519,821</u>	<u>40,280,635</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,790,202)	(4,226,466)	(651,764)	(4,045,159)

*City of Lancaster*

2008	2009	2010	2011	2012	2013
\$19,650,167	\$19,672,863	\$20,068,678	\$19,653,652	\$20,167,837	\$20,522,054
8,188,157	8,496,589	8,720,285	8,205,296	10,125,086	9,925,610
4,345,079	4,192,295	4,398,036	4,110,825	4,463,521	5,018,577
24,362	30,148	23,460	24,320	26,190	21,320
864,986	541,123	343,123	311,047	314,243	117,176
137,351	128,276	118,993	140,063	122,408	99,710
1,633,932	1,892,301	2,039,847	2,071,956	2,313,306	2,111,093
712,682	740,067	729,522	442,006	1,089,910	849,946
<u>35,556,716</u>	<u>35,693,662</u>	<u>36,441,944</u>	<u>34,959,165</u>	<u>38,622,501</u>	<u>38,665,486</u>

17,825,296	17,282,106	17,765,918	16,737,295	16,629,053	16,396,860
947,332	861,469	827,523	744,821	759,395	897,647
2,138,133	1,930,845	1,891,191	1,819,231	1,901,633	1,840,118
938,993	914,314	840,683	825,150	827,142	687,389
4,126,802	4,405,233	4,572,787	3,920,300	4,309,998	4,443,455
7,667,476	7,342,691	8,317,591	7,115,172	7,290,528	7,490,162
3,172,798	825,694	703,024	920,837	4,489,551	4,721,837
1,139,743	413,171	643,299	747,956	769,591	969,263
539,724	448,980	351,966	325,674	332,330	352,094
<u>38,496,297</u>	<u>34,424,503</u>	<u>35,913,982</u>	<u>33,156,436</u>	<u>37,309,221</u>	<u>37,798,825</u>

(2,939,581)	1,269,159	527,962	1,802,729	1,313,280	866,661
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(Continued)

## City of Lancaster

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2004	2005	2006	2007
<b>Other Financing Sources (Uses):</b>				
State Infrastructure Bank Loan	0	0	0	1,155,949
Other Financing Sources - Capital Leases	465,049	142,381	10,079	440,386
Housing and Urban Development Loan	0	0	0	0
Ohio Water Development Authority Loans	0	0	0	0
General Obligation Notes Issued	3,960,000	0	0	0
General Obligation Bonds Issued	0	4,150,000	0	0
Installment Loan	0	0	0	0
Transfers In	1,846,362	1,732,309	1,986,619	2,479,004
Transfers Out	(1,693,114)	(1,732,309)	(1,986,619)	(2,523,754)
<b>Total Other Financing Sources (Uses)</b>	<u>4,578,297</u>	<u>4,292,381</u>	<u>10,079</u>	<u>1,551,585</u>
<b>Net Change in Fund Balance</b>	<u>\$788,095</u>	<u>\$65,915</u>	<u>(\$641,685)</u>	<u>(\$2,493,574)</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	14.78%	14.63%	1.93%	2.07%

Source: City Auditor's Office



*City of Lancaster*

2008	2009	2010	2011	2012	2013
0	0	0	0	0	0
126,409	518,545	18,882	0	9,806	20,751
760,000	0	0	0	0	0
0	0	337,247	61,428	0	0
0	0	0	0	0	0
0	0	2,800,000	0	0	0
0	0	0	199,141	1,049,337	470,575
1,762,994	1,989,769	1,803,367	1,267,822	1,288,514	2,035,399
(1,786,988)	(2,032,945)	(1,878,889)	(1,289,224)	(1,633,053)	2,214,087
862,415	475,369	3,080,607	239,167	714,604	4,740,812
(\$2,077,166)	\$1,744,528	\$3,608,569	\$2,041,896	\$2,027,884	\$5,607,473
4.70%	2.63%	2.91%	3.40%	3.10%	4.07%

## *City of Lancaster*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Income Tax Rate	1.60%	1.75%	1.75%	1.75%
Estimated Personal Income (in thousands)	\$1,105,334	\$1,104,424	\$1,124,579	\$1,165,637
Total Tax Collected	\$13,323,746	\$14,186,430	\$15,550,666	\$16,264,316
Income Tax Receipts				
Withholding	10,318,818	11,136,624	12,067,107	12,695,987
Percentage	77.45%	78.50%	77.60%	78.06%
Corporate	1,281,868	1,262,432	1,515,792	1,514,077
Percentage	9.62%	8.90%	9.75%	9.31%
Individuals	1,723,060	1,787,374	1,967,767	2,054,252
Percentage	12.93%	12.60%	12.65%	12.63%

Source: City Income Tax Department

- (1) Effective July 1, 2005, the income tax rate increased from 1.6% to 1.75%.
- (2) Credit is given for tax paid to city of employment up to a maximum of 1.0%

*City of Lancaster*

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2008	2009	2010	2011	2012	2013
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$1,201,987	\$1,211,789	\$1,214,457	\$1,301,806	\$1,396,920	\$1,414,130
\$16,746,431	\$16,819,420	\$17,320,421	\$16,703,561	\$17,457,624	\$17,750,771
12,953,012	12,867,716	13,193,795	13,238,524	13,557,810	13,659,993
77.35%	76.51%	76.17%	79.25%	77.66%	76.96%
1,707,499	2,005,248	2,192,628	1,609,683	1,649,607	1,932,043
10.20%	11.92%	12.66%	9.64%	9.45%	10.88%
2,085,920	1,946,456	1,933,998	1,855,354	2,250,207	2,158,735
12.45%	11.57%	11.17%	11.11%	12.89%	12.16%



*City of Lancaster*

*Income Tax Collections  
Current Year and Nine Years Ago*

Calendar Year 2013

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.10%	\$5,077,032	28.60%
All Others	9,754	99.90%	12,673,739	71.40%
Total	9,764	100.00%	\$17,750,771	100.00%

Calendar Year 2004

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.09%	\$3,844,069	28.85%
All Others	10,766	99.91%	9,479,677	71.15%
Total	10,776	100.00%	\$13,323,746	100.00%

Source: City Income Tax Department

## *City of Lancaster*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2004	2005	2006	2007
<b>Governmental Activities</b> <sup>(1)</sup>				
Housing and Urban Development Loan Payable	\$1,120,000	\$1,030,000	\$940,000	\$850,000
Ohio Public Works Commission Loan Payable	100,420	94,334	88,248	82,162
Ohio Water Development Authority Loans Payable	0	0	0	0
Special Assessment Bonds Payable	332,500	319,500	306,000	292,000
Long Term Notes Payable	3,960,000	0	0	0
General Obligation Bonds Payable	0	3,965,000	3,815,000	3,660,000
State Infrastructure Bank Loan Payable	0	0	0	1,155,949
Installment Loan Payable	0	0	0	0
Capital Leases	929,486	849,076	617,050	859,143
<b>Business-type Activities</b> <sup>(1)</sup>				
Ohio Water Development Authority Loans Payable	\$46,849,409	\$44,400,803	\$41,823,289	\$39,171,688
Revenue Bonds Payable	13,506,256	13,168,005	12,824,754	12,476,503
Ohio Rail Development Commission Loan	0	0	0	0
Capital Leases	28,679	35,004	26,714	425,521
Total Primary Government	<u>\$66,826,750</u>	<u>\$63,861,722</u>	<u>\$60,441,055</u>	<u>\$58,972,966</u>
<b>Population</b> <sup>(2)</sup>				
City of Lancaster	36,380	36,380	36,380	36,375
Outstanding Debt Per Capita	\$1,837	\$1,755	\$1,661	\$1,621
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	1,105,334	1,104,424	1,124,579	1,165,637
Percentage of Personal Income	6.05%	5.78%	5.37%	5.06%

**Sources:**

- (1) Source: City Auditor's Office
- (2) US Bureau of Census, Population Division, 2013 is an estimate made by the City
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Lancaster*

2008	2009	2010	2011	2012	2013
\$760,000	\$670,000	\$580,000	\$490,000	\$400,000	\$310,000
76,076	69,990	63,904	57,818	54,775	45,646
0	0	337,247	391,485	376,754	361,723
277,000	261,500	245,000	228,000	210,000	191,000
0	0	0	0	0	0
3,500,000	3,335,000	5,745,000	5,295,000	4,835,000	4,360,000
1,047,292	910,707	769,994	610,821	464,867	314,502
0	0	0	180,634	1,492,108	1,695,230
641,890	750,733	532,216	356,584	184,820	114,214
\$36,365,393	\$41,534,180	\$58,381,455	\$60,996,820	\$56,434,105	\$52,134,520
379,339,585	373,688,481	369,297,377	365,281,273	361,341,879	356,703,101
0	100,808	53,060	4,136	0	0
343,706	287,311	200,470	83,832	325,974	280,665
<u>\$422,350,942</u>	<u>\$421,608,710</u>	<u>\$436,205,723</u>	<u>\$433,976,403</u>	<u>\$426,120,282</u>	<u>\$416,510,601</u>
36,608	37,680	37,243	38,780	38,880	39,359
\$11,537	\$11,189	\$11,712	\$11,191	\$10,960	\$10,582
1,201,987	1,211,789	1,214,457	1,301,806	1,396,920	1,414,130
35.14%	34.79%	35.92%	33.34%	30.50%	29.45%

## *City of Lancaster*

### *Ratios of General Bonded Debt Outstanding Last Nine Years*

Year	2005	2006	2007	2008
<b>Population</b> (1)	36,380	36,380	36,375	36,608
<b>Assessed Value</b> (2)	\$727,046,497	\$708,753,525	\$697,186,961	\$759,216,664
<b>General Bonded Debt</b> (3)				
General Obligation Bonds	\$3,965,000	\$3,815,000	\$3,660,000	\$3,500,000
<b>Resources Available to Pay Principal</b> (4)	\$97,729	\$97,729	\$97,729	\$97,729
<b>Net General Bonded Debt</b>	\$3,867,271	\$3,717,271	\$3,562,271	\$3,402,271
<b>Ratio of Net Bonded Debt to Assessed Value</b>	0.53%	0.52%	0.51%	0.45%
<b>Net Bonded Debt per Capita</b>	\$106.30	\$102.18	\$97.93	\$92.94

**Source:**

- (1) U.S. Bureau of Census of Population, 2013 is an estimate made by the City
- (2) Fairfield County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.  
There were no General Obligation Bonds prior to 2005
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.



*City of Lancaster*

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<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
37,680	37,243	38,780	38,880	39,359
\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260
\$3,335,000	\$5,745,000	\$5,295,000	\$4,835,000	\$4,360,000
\$97,729	\$91,191	\$91,191	\$91,191	\$91,191
\$3,237,271	\$5,653,809	\$5,203,809	\$4,743,809	\$4,268,809
0.43%	0.77%	0.72%	0.66%	0.59%
\$85.91	\$151.81	\$134.19	\$122.01	\$108.46



## *City of Lancaster*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2013*

<u>Jurisdiction</u>		<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Lancaster</u>	<u>Amount Applicable to the City of Lancaster</u>
<b>Direct:</b>				
City of Lancaster	(1)	\$7,392,315	100.00%	\$7,392,315
<b>Overlapping:</b>				
Lancaster City School District	(2)	67,184,223	78.93%	53,028,507
Fairfield County	(3)	16,864,982	22.13%	<u>3,732,221</u>
			Subtotal	<u>56,760,728</u>
			Total	<u><u>\$64,153,043</u></u>

Source:

- (1) City Auditor's Office
- (2) Lancaster City School District, as of June 30, 2013, the District's fiscal year end.
- (3) Fairfield County Auditor - Comprehensive Annual Financial Report

Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

## City of Lancaster

### Debt Limitations Last Ten Years

Collection Year	2004	2005	2006	2007
<b>Total Debt</b>				
Net Assessed Valuation	\$672,465,949	\$727,046,497	\$708,753,525	\$697,186,961
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	70,608,925	76,339,882	74,419,120	73,204,631
City Debt Outstanding (2)	4,710,000	5,116,500	6,026,600	5,897,600
Less: Applicable Debt Service Fund Amounts	<u>(53,473)</u>	<u>(97,729)</u>	<u>(97,729)</u>	<u>(97,729)</u>
Net Indebtedness Subject to Limitation	<u>4,656,527</u>	<u>5,018,771</u>	<u>5,928,871</u>	<u>5,799,871</u>
Overall Legal Debt Margin	<u><u>\$65,952,398</u></u>	<u><u>\$71,321,111</u></u>	<u><u>\$68,490,249</u></u>	<u><u>\$67,404,760</u></u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$672,465,949	\$727,046,497	\$708,753,525	\$697,186,961
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	36,985,627	39,987,557	38,981,444	38,345,283
City Debt Outstanding (2)	4,710,000	5,116,500	6,026,600	5,897,600
Less: Applicable Debt Service Fund Amounts	<u>(53,473)</u>	<u>(97,729)</u>	<u>(97,729)</u>	<u>(97,729)</u>
Net Indebtedness Subject to Limitation	<u>4,656,527</u>	<u>5,018,771</u>	<u>5,928,871</u>	<u>5,799,871</u>
Overall Legal Debt Margin	<u><u>\$32,329,100</u></u>	<u><u>\$34,968,786</u></u>	<u><u>\$33,052,573</u></u>	<u><u>\$32,545,412</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Lancaster*

2008	2009	2010	2011	2012	2013
\$759,216,664	\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
79,717,750	78,289,224	77,392,238	75,418,844	75,917,982	76,422,282
3,500,000	3,335,000	5,745,000	5,295,000	4,835,000	4,360,000
(97,729)	(97,729)	(91,191)	(91,191)	(91,191)	(91,191)
3,402,271	3,237,271	5,653,809	5,203,809	4,743,809	4,268,809
\$76,315,479	\$75,051,953	\$71,738,429	\$70,215,035	\$71,174,173	\$72,153,473
\$759,216,664	\$745,611,660	\$737,068,930	\$718,274,700	\$723,028,400	\$727,831,260
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
41,756,917	41,008,641	40,538,791	39,505,109	39,766,562	40,030,719
3,500,000	3,335,000	5,745,000	5,295,000	4,835,000	4,360,000
(97,729)	(97,729)	(91,191)	(91,191)	(91,191)	(91,191)
3,402,271	3,237,271	5,653,809	5,203,809	4,743,809	4,268,809
\$38,354,646	\$37,771,370	\$34,884,982	\$34,301,300	\$35,022,753	\$35,761,910

## City of Lancaster

### Pledged Revenue Coverage Last Ten Years

	2004	2005	2006	2007
<b>Water Mortgage Bonds (1 a)</b>				
Gross Revenues (2)	\$8,286,110	\$8,388,041	\$8,613,246	\$9,320,183
Direct Operating Expenses (3)	5,236,639	4,924,256	5,348,084	5,436,732
Net Revenue Available for Debt Service	3,049,471	3,463,785	3,265,162	3,883,451
Annual Debt Service Requirement	82,221	565,969	561,869	562,256
Coverage	37.09	6.12	5.81	6.91
<b>Water Pollution Mortgage Bonds (1 b)</b>				
Gross Revenues (2)	\$7,174,132	\$7,006,365	\$7,314,131	\$7,794,051
Direct Operating Expenses (3)	3,752,201	3,510,807	3,925,494	3,991,924
Net Revenue Available for Debt Service	3,421,931	3,495,558	3,388,637	3,802,127
Annual Debt Service Requirement	51,054	349,141	351,641	348,716
Coverage	67.03	10.01	9.64	10.90
<b>Port Authority Gas Supply Revenue Bonds (1 c)</b>				
Gross Revenues (2)	\$0	\$0	\$0	\$0
Direct Operating Expenses (3)	0	0	0	0
Net Revenue Available for Debt Service	0	0	0	0
Annual Debt Service Requirement	0	0	0	0
Coverage	0.00	0.00	0.00	0.00
<b>Special Assessment Bonds (1 d)</b>				
Special Assessment Collections	\$36,872	\$39,212	\$35,998	\$38,107
Debt Service				
Principal	12,000	13,000	13,500	14,000
Interest	17,225	16,625	15,975	15,638
Coverage	1.26	1.32	1.22	1.29

(1 a) In 2004 the City issued \$8,205,000 of Water Mortgage Bonds

(1 b) In 2004 the City issued \$5,095,000 of Water Pollution Mortgage Bonds

In 2008 the City issued \$21,195,000 of Water Pollution Mortgage Bonds

(1 c) In 2008 the City issued \$348,750,000 of Gas Supply Bonds

(1 d) In 2001 the City issued \$367,000 of Special Assessment Bonds

(2) Gross revenues include operating revenues plus interest income.

(3) Direct operating expenses include operating expenses less depreciation.

N/A = not available

Source: City Auditor's Office

*City of Lancaster*

2008	2009	2010	2011	2012	2013
\$8,626,257	\$8,432,910	\$8,307,429	\$7,979,328	\$8,210,753	\$7,885,740
5,714,908	5,798,198	5,845,492	5,796,524	5,919,515	5,453,543
2,911,349	2,634,712	2,461,937	2,182,804	2,291,238	2,432,197
562,006	566,094	564,344	561,869	519,035	416,144
5.18	4.65	4.36	3.88	4.41	5.84
\$8,194,701	\$8,339,280	\$8,834,129	\$10,115,464	\$10,715,711	\$11,072,967
4,103,624	3,893,941	3,542,641	3,568,981	4,297,101	4,054,109
4,091,077	4,445,339	5,291,488	6,546,483	6,418,610	7,018,858
518,214	1,786,742	1,786,941	1,786,179	1,761,279	1,749,669
7.89	2.49	2.96	3.67	3.64	4.01
N/A	N/A	\$9,347,281	\$8,628,422	\$5,758,552	\$7,732,965
N/A	N/A	9,830,408	8,217,550	4,540,457	5,819,723
N/A	N/A	(483,127)	410,872	1,218,095	1,913,242
8,062,363	6,166,070	4,440,158	3,737,119	3,741,661	3,884,923
N/A	N/A	(0.11)	0.11	0.33	0.49
\$37,547	\$35,202	\$36,342	\$46,203	\$37,246	\$36,571
15,000	15,500	16,500	17,000	18,000	19,000
6,963	13,850	13,075	12,250	11,400	10,500
1.71	1.20	1.23	1.58	1.27	1.24

# City of Lancaster

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2004	2005	2006	2007	2008
<b>Population</b>					
City of Lancaster (2)	36,380	36,380	36,380	36,375	36,608
Fairfield County (1)	122,759	138,423	139,637	142,557	144,252
<b>Income (3) (a)</b>					
Total Personal (in thousands)	1,105,334	1,104,424	1,124,579	1,165,637	1,201,987
Per Capita	30,383	30,358	30,912	32,045	32,834
<b>Unemployment Rate (4)</b>					
Federal	6.0%	5.5%	5.0%	4.6%	5.8%
State	6.1%	6.0%	5.9%	5.6%	6.6%
Fairfield County	5.3%	5.3%	4.8%	5.0%	5.6%
<b>Civilian Work Force Estimates (4)</b>					
State	5,875,300	5,900,400	5,934,000	5,976,500	5,986,400
Fairfield County	71,700	72,200	74,200	76,300	77,100
Lancaster	18,100	18,200	18,400	18,700	18,600

### Sources:

- (1) US Bureau of Census of Population
- (2) Lancaster Community Development Department estimates
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2012 for the presentation of 2013 statistics, the City is using the latest information available.
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation
- (4) State Department of Labor Statistics



*City of Lancaster*

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2009	2010	2011	2012	2013
37,680	37,243	38,780	38,880	39,359
143,712	143,712	146,156	147,747	148,867
1,211,789	1,214,457	1,301,806	1,396,920	1,414,130
32,160	32,609	33,569	35,929	35,929
9.3%	9.6%	8.9%	8.1%	7.4%
10.2%	10.1%	8.6%	7.2%	7.4%
8.5%	8.8%	7.7%	6.3%	6.4%
5,970,200	5,897,600	5,762,000	5,747,900	5,765,700
76,100	75,300	74,400	74,800	75,600
18,600	18,900	18,800	18,700	19,000



## *City of Lancaster*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2013		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,871	1	10.57%
Anchor Hocking	Glass Manufacturer	1,148	2	6.49%
Fairfield County	Government	957	3	5.41%
Lancaster City Schools	Education	690	4	3.90%
City of Lancaster	Government	363	5	2.05%
Ralston Foods/Con Agra	Manufacturer	349	6	1.97%
Diamond Power	Metal Fabrication	300	7	1.69%
Kroger	Food	286	8	1.62%
Fairfield Homes	Construction	231	9	1.31%
Crestview	Medical Services	227	10	1.28%
<b>Total</b>		<b>6,422</b>		<b>36.29%</b>
Total Employment within the City		<b>17,700</b>		

Employer	Nature of Business	2004		
		Number of Employees	Rank	Percentage of Total Employment
Fairfield Medical Center	Medical Services	1,888	1	11.17%
Anchor Hocking	Glass Manufacturer	944	2	5.59%
Lancaster City Schools	Education	685	3	4.05%
Fairfield County	Government	588	4	3.48%
Diamond Power	Metal Fabrication	472	5	2.79%
Ralston Foods	Cereal	425	6	2.51%
City of Lancaster	Government	336	7	1.99%
Glassfloss	Industrial	236	8	1.40%
Crestview	Nursing Care	227	9	1.34%
Lancaster Glass	Glass Manufacturer	189	10	1.12%
<b>Total</b>		<b>5,990</b>		<b>35.44%</b>
Total Employment within the City		<b>16,900</b>		

**Sources:**

Source for 2013 total employment is from the Ohio Labor Market Information Website.

2013 Company information is from the Fairfield County Chamber of Commerce webpage:

[www.businesscounty.com](http://www.businesscounty.com)

\*And information given during direct interviews with management at these locations.

2004 Information is from the State of Ohio Labor Market Information Website and a % calculation for the individual employers from previous years.

## City of Lancaster

### Full Time Equivalent Employees by Function Last Ten Years

	2004	2005	2006	2007	2008
<b>Governmental Activities</b>					
General Government					
Auditor	6.00	6.00	6.00	6.00	6.00
Treasurer	1.00	1.00	1.00	1.00	1.00
Legal	9.00	9.00	9.00	9.00	10.00
City Council	11.00	11.00	11.00	11.00	11.00
Court	25.00	30.00	32.00	33.00	35.00
Administration	4.00	4.00	4.00	4.00	4.00
Engineering	12.00	11.00	8.00	8.00	8.00
Certified Building	3.00	4.00	6.00	6.00	4.00
Income Tax	6.00	6.00	5.00	5.00	6.00
Maintenance	2.00	2.00	2.00	2.00	2.00
Electric	0.00	0.00	0.00	0.00	0.00
Information Systems	4.00	4.00	6.00	6.00	7.00
Security of Persons and Property					
Police	84.00	84.00	83.00	84.00	86.00
Fire	79.00	88.00	94.00	94.00	95.00
Public Health and Welfare					
Cemetery	9.00	6.00	5.00	5.00	5.00
Transportation					
Street	29.00	31.00	29.00	29.00	28.00
Leisure Time Activities					
Parks	25.00	25.00	25.00	25.00	27.00
Community Environment					
Community Development	3.00	3.00	3.00	3.00	3.00
Public Transit	1.00	1.00	1.00	1.00	1.00
Civil Service	1.00	1.00	1.00	1.00	1.00
<b>Business-Type Activities</b>					
Utilities					
Gas	25.00	24.00	24.00	22.00	23.00
Water	43.00	44.00	43.00	44.00	45.00
Water Pollution	23.00	23.00	23.00	22.00	22.00
Sanitation	26.00	24.00	24.00	23.00	23.00
Storm Water	3.00	3.00	3.00	3.00	3.00
Utilities Collection	20.00	21.00	21.00	21.00	20.00
<i>Total Employees</i>	<u>455.00</u>	<u>467.00</u>	<u>470.00</u>	<u>469.00</u>	<u>477.00</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Auditor's Office

*City of Lancaster*

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2009	2010	2011	2012	2013
6.00	5.00	4.00	4.00	5.00
1.00	1.00	1.00	1.00	1.00
10.00	9.00	8.00	9.00	7.00
11.00	11.00	11.00	11.00	11.00
35.00	34.00	33.00	33.00	33.00
4.00	4.00	4.00	4.00	5.00
5.00	4.00	4.00	3.00	4.00
4.00	4.00	3.00	3.00	3.00
5.00	5.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
0.00	0.00	0.00	0.00	0.00
6.00	6.00	7.00	7.00	7.00
83.00	83.00	81.00	83.00	80.00
92.00	84.00	70.00	70.00	70.00
1.00	1.00	1.00	1.00	1.00
5.00	5.00	4.00	4.00	4.00
25.00	24.00	22.00	21.00	22.00
25.00	26.00	16.00	25.00	24.00
2.00	3.00	3.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00
24.00	24.00	25.00	25.00	25.00
46.00	44.00	43.00	42.00	41.00
21.00	22.00	24.00	24.00	23.00
23.00	22.00	21.00	21.00	21.00
3.00	3.00	2.00	4.00	4.00
17.00	17.00	15.00	15.00	15.00
457.00	444.00	409.00	420.00	416.00

# City of Lancaster

## Operating Indicators by Function Last Ten Years

	2004	2005	2006	2007
<b>Governmental Activities</b>				
General Government				
Court				
Number of Traffic Cases	11,378	12,021	11,285	11,700
Number of Open Cases	603	1,310	1,282	1,437
Licenses and Permits				
Number of Building Permits	161	824	795	973
Number of Building Inspections	3,630	4,921	4,075	3,672
Security of Persons and Property				
Police				
Number of Calls Received	46,923	56,486	56,311	50,565
Number of Traffic Citations	4,735	4,121	3,671	3,828
Number of Arrests	4,333	3,918	3,863	2,276
Parking Tickets Written	2,162	1,744	1,856	1,176
Fire				
Number of Fire Calls	1,751	1,633	1,586	1,681
Number of EMS Runs	5,526	5,407	5,508	5,830
Number of Inspections	4,208	2,783	2,527	2,610
Leisure Time Activities				
Parks				
Number of Programs Offered	13	15	16	21
Number of Pool Passes Issued	18,186	22,338	19,071	26,321
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	14,240	14,240	15,110	15,185
Daily Average Consumption (thousands of gallons)	5.1M	4.5M	4.1M	4.2M
Peak Daily Consumption (thousands of gallons) (1)	8.5M	8.5M	16.5M	8.6M
Water Pollution				
Number of Service Connections	13,707	13,707	14,794	14,855
Maximum Daily Capacity (2)	5.8M	5.8M	6.82M	7.56M
Daily Average Sewage Treatment (thousands of gallons) (2)	12.5M	12.5M	12.5M	12.5M
Sanitation				
Number of Customers	15,000	15,185	15,185	14,200
Storm Water				
Number of Customers	13,898	13,989	14,291	14,356

Source: City Auditor's Office

N/A = Not Available

(1) New plant opened for a full year in 2006

(2) New plant opened in 2011

*City of Lancaster*

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2008	2009	2010	2011	2012	2013
15,164	12,429	14,199	16,242	17,053	17,933
1,718	1,344	1,254	1,444	1,345	1,606
1,135	1,011	1,254	1,070	1,146	1,156
3,191	2,610	2,857	2,283	2,566	2,983
59,000	60,948	59,216	63,969	62,591	58,228
4,411	4,003	4,424	5,185	4,361	5,079
2,545	2,645	1,750	4,071	1,543	1,647
1,189	1,136	1,001	1,001	984	833
1,750	1,750	1,526	1,595	1,709	1,530
6,314	6,151	6,314	6,304	6,729	6,819
3,350	3,744	3,041	3,142	2,363	1,464
41	43	49	56	57	63
25,296	21,165	31,492	33,258	28,533	18,758
15,199	15,242	15,306	15,260	15,275	15,363
4.5M	4.31M	3.87M	3.88M	3.79M	3.58M
7.8M	5.76M	5.785M	5.69M	5.23M	5.89M
14,869	14,961	14,994	14,966	14,974	15,088
14.7M	12.5M	12.5M	14.5M	14M	14M
8.4M	6.60M	6.47M	9.7M	6.96M	7.10M
15,279	14,985	15,597	15,370	15,441	15,468
14,376	14,439	14,608	14,619	14,680	14,750

## *City of Lancaster*

### *Capital Asset Statistics by Function Last Ten Years*

	2004	2005	2006	2007
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (square miles)	18.047	18.360	18.505	18.590
Buildings	36	36	36	36
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles (1)	17	17	17	16
Fire				
Stations	3	3	3	3
Vehicles	20	21	22	22
Public Health & Welfare				
Cemetery				
Land (acres)	150	150	150	150
Transportation				
Street				
Streets (lane miles)	144	160	160	185
Street Lights	2,355	2,360	2,360	2,360
Traffic Signals	92	92	92	92
Leisure Time Activities				
Parks				
Land (acres)	701	720	720	720
Buildings	21	21	21	21
Parks	26	27	27	27
Playgrounds	12	12	12	12
Swimming Pools	2	2	2	2
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	26	26	26	26
Soccer Fields	8	8	8	8

(1) Previous to 2009, only marked vehicles were reported.



*City of Lancaster*

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2008	2009	2010	2011	2012	2013
18,590	18,590	18,590	18,590	18,590	18,598
36	36	36	36	36	36
1	1	1	1	1	1
16	31	31	33	38	34
3	3	3	3	3	3
22	22	20	20	21	20
150	150	150	150	150	150
185	185	185	185	185	185
2,360	2,360	2,464	2,466	2,300	2,476
92	85	85	85	85	85
720	733	733	733	733	733
21	21	21	21	21	21
27	27	27	27	27	27
12	12	12	12	12	12
2	3	2	2	2	2
10	13	13	13	13	13
26	26	26	26	26	26
8	22	22	22	22	22

(Continued)

# City of Lancaster

## Capital Asset Statistics by Function Last Ten Years

	2004	2005	2006	2007
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	162	162	170	171
Pump Stations	2	2	2	2
Number of Hydrants	1,425	1,425	1,600	1,670
Storage Capacity (thousands of gallons)	16.5M	16.5M	16.5M	16.5M
Water Pollution				
Sewerlines (Miles)	170	170	170	185
Lift Stations	9	9	9	9
Sanitation				
Packers	9	9	9	9
Storm Water				
Storm Sewers (Miles)	58	60	61	61
Gas				
Gaslines (Miles)	N/A	N/A	N/A	N/A

Source: City Auditor's Office  
N/A = Not Available

*City of Lancaster*

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2008	2009	2010	2011	2012	2013
171	174	179	180	181	182
2	2	2	2	2	2
1,670	1,791	1,800	1,835	1,842	1,848
16.5M	17.5M	9.8M	9.8M	9.8M	9.8M
185	186	186	186	186	186
9	10	10	10	11	11
9	10	10	10	9	9
61	63	63	63	64	66
N/A	N/A	N/A	260	260	249





# Dave Yost • Auditor of State

**CITY OF LANCASTER**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 6, 2015**